

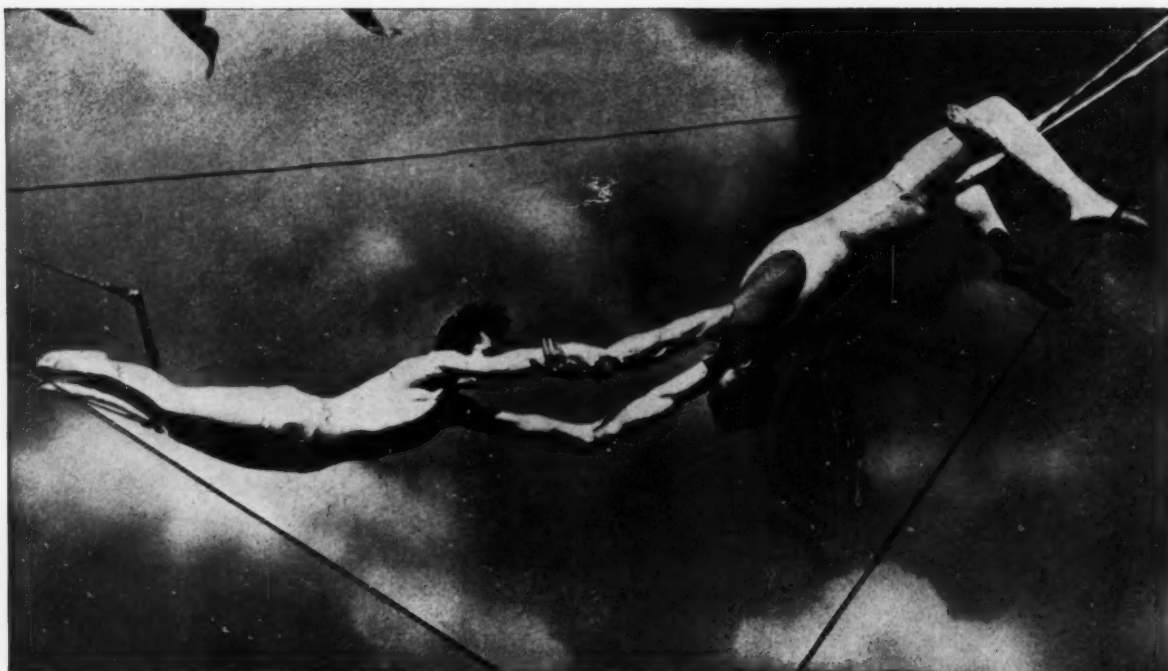
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The Credit World

JULY, 1947

Only Publication Devoted Exclusively To Retail Credit



You and the Flying Trapeze

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the end of his career.

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Credit Bureau and Collection Service Divisions

1218 Olive Street

St. Louis 3, Mo.

The National Retail Credit Association contributes this space monthly as a courtesy to its members of the
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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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25 YEARS

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in the

CREDIT WORLD

THE CREDIT WORLD for July, 1922, twenty-five years ago, contained the complete proceedings of the Tenth Annual Convention of the Association held in Cleveland, Ohio, June 12-15, 1922.

★ ★ ★

The officers and directors for the year 1922-1923 were: President, David W. Ahl, Detroit; First Vice-President, W. T. Snider, St. Louis; Second Vice-President, L. T. Pease, New York; and Secretary-Treasurer, D. J. Woodlock, St. Louis. Directors include: Sidney E. Blandford; H. J. Burris; J. M. Connolly; Frank Genens; J. R. Hewitt; Martin Larson; J. W. Lewis; M. G. Liberman; Robert Lienhard; W. B. McConnell; J. W. Mehling; E. W. Nelson; C. L. Olson; H. V. Ostermayer; Wallis Slater; J. R. Truesdale; R. W. Watson; and C. P. Younts.

★ ★ ★

Since twenty-four of the thirty-two pages were devoted to the Convention, not much room was left for feature articles. Mr. James H. Taylor, Omaha, was the author of the Junior Department Stores Credit Methods Committee report. This Committee outlined the various credit methods to be followed in department stores doing a volume of business annually up to three or four million dollars.

★ ★ ★

An Open Letter from H. Victor Wright, Los Angeles, was published in which he outlined the history of the Association up to that time. He was unable to attend the Cleveland Convention and sent the letter to Mr. E. W. Nelson, the immediate Past President. Mr. Wright was a President of the Association in 1919.

★ ★ ★

The report of the Chairman of the Committee on Credit Education, Mr. S. E. Blandford, Boston, was published in full. He said in part, "The work of the educational committee is to cooperate with the editor of The CREDIT WORLD in all matters of educational advantage to the membership."

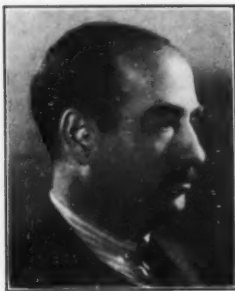
★ ★ ★

The two feature articles were: "Furniture and Installment Stores Credit Methods Committee," by Earl Linn, Des Moines; and "Advertising For New Accounts," by J. W. Metcalfe, Omaha.

★ ★ ★

The final article of this issue of twenty-five years ago, was "Our Tenth Anniversary," written by Mr. S. L. Gillfillan, Minneapolis, the first President of the Association. He said in part, "It is true we have made considerable progress but we are a long way from the state of perfection which we must have. We are going to experience many heavy roads and detours before we reach our goal, but who can say it is not worth our efforts? We have now arrived at the tenth stop in our journey to a high state of perfection."

A. H. Hert.



The Power of Credit in Business

Sidney R. Baer

Vice-President and Treasurer, Stix, Baer and Fuller Co.
St. Louis, Missouri

(An address before the 33rd Annual Business Conference, N.R.C.A., St. Louis, Mo., June 16-19, 1947.)

AFTER EVERY GREAT WAR, marked changes take place in the lives of nations. Social advancement, economic and political, is inevitable. The conflict and sacrifices of war seem to give impetus to this transition. During war, life is intensified, and this intensification contributes to the betterment of mankind everywhere, through technological development in business, industry, and the sciences.

However, due to the great dislocation caused by World War II, serious economic and social problems are present today. This is evident to anyone who follows the many conferences of statesmen of the victorious nations, who are endeavoring to solve the problems of Europe, the Middle East, and the Far East, at a time when traditional conceptions of international relationships must be discarded because of the development and implications of the atomic bomb. These international and national political problems not only vitally affect the economic transition of America and the world, but also the welfare and progress of every individual citizen. Therefore, they should be understood by all key executives.

If credit executives are to take advantage of these potentialities and cope with these problems, they must organize their departments so that they may be relieved of many petty routine responsibilities. They must allocate them to their staff assistants and be free to analyze the fundamentals in credit management, so that the vehicle of credit may be utilized to the fullest degree in promoting the business.

Sometimes I wonder whether credit managers realize what a powerful force credit is in the development of a business, or merely regard the extension of credit in a negative, rather than a positive way—as a necessary service to the customer, rather than a virile force in business development.

During the past 150 years, the importance of credit to business has grown continuously. During the early part of the 19th century in the city of Frankfurt, the Rothchild family recognized its potentialities. It was there that the house of Rothchild came into being. Subsequently, it developed into one of the great international banking houses, with a chain of banks throughout the world, whereby trade was facilitated and business was transacted over the wire, through the use of credit rather than money. From that time on, credit has had an increasingly prolific effect upon commerce and finance in all of its ramifications.

Our nation today possesses great natural resources—in the earth, coal, oil, metal; in our majestic forests and great agricultural areas, through which we are serving, to a large extent, as the breadbasket of the world; in the outstanding genius and productive ability of American industrial leadership; and, above all, in a democratic government, by which the incentive of a free people is encouraged in a land where spiritual values need not be slaves to material values and tyrannical men cannot trample human beings underfoot to further their ambitions for power.

Through the utilization of these resources, the credit of our Federal government has become a world-wide force and America has assumed the mantle of leadership, with its responsibilities and obligations, for the entire world. Through the extension of credit to our allies in the last war and even to the vanquished, the United States is making it possible for these countries to rehabilitate themselves physically, spiritually, politically, and economically. Soon, international trade may be stimulated and may help develop a closely-knit world in which the danger of future wars may be lessened and the dream for universal peace and brotherhood may be realized. All this is by reason of the power of credit. Credit in private enterprise is of like importance in its effect upon progress, if properly utilized and fully exploited.

I do not intend to indulge in a discussion of the technical problems which credit executives must cope with every day, in the fulfillment of individual responsibilities. I am sure that you know more about those things than I do, for you are specialists in the field of credit. Rather, I shall deal with the philosophy of credit, with its potentialities and dangers. The retail credit manager is, in effect, a retail banker. He must find the line of demarcation which separates a credit policy that is too tight from one that is not tight enough. The former would stifle business and the latter would result in too many uncollectible accounts on the company's books. It is his further responsibility to crystallize a sound credit policy and see to it that this policy is properly interpreted through the organization of his department.

A study of this country's economic history shows that after every great war we enjoy a period of great industrial activity. This is the result of demands that were pent up while the whole economy of the nation was geared to war production; to technological advances; and to the fact that wars are invariably financed through the nation's credit, which is inflationary, for this financing and increasing the national debt places much more money into circulation.

As the velocity of turnover of this money develops, after it has found its way into the pocketbooks and savings accounts of the people, and goods are plentiful, tre-

mendous industrial activity is stimulated.

At the present time, in addition to these influences, statistics of the Institute of Econometrics indicate that, in 1946, 35% of the population of this country earned \$4,000 a year or more. In 1939, only 6.5% of the population earned only \$3,000 a year or more. This wider distribution of the national income represents a great potential in purchasing power, and a reservoir for increased business volume. Credit managers must take full advantage of this potential.

No one, however, knows how long this period of great industrial activity may last. Notwithstanding the prognostications of economists and business analysts, economic history indicates that periods of intense industrial activity are inevitably followed, sooner or later, by periods of recession and adjustment. Then, both business houses and individuals who have overexpanded get into trouble. Booms and depressions have occurred at more-or-less regular intervals ever since Joseph interpreted Pharaoh's dream about seven fat cattle and seven lean cattle as forecasting a seven-year feast and a seven-year famine.

The credit manager is being subjected to pressure from two sides. Within his own company, the Sales Department is continuously demanding credit expansion, even if it involves relaxation of sound standards. Simultaneously, individual debt is beginning to increase. When it passes the point of safety in relationship to the potential earnings and long-range income of the individual, it is the credit manager's responsibility to resist extension of credit.

An indication of greater risks ahead is the recent sharp increase in business failures, although general business conditions remain satisfactory and should continue so. This is due to the fact that since V-J Day an abnormally large number of new concerns have come into being, many without adequate financing, and such periods are usually followed by an increase in insolvencies. Such a condition is, in itself, potentially dangerous. It portends that the business system is accumulating dead wood—weak concerns which are likely to collapse under the stress of more intense competition. I am not necessarily referring to the transition of the next few weeks or months, but am pointing to the future.

As most individuals depend upon business institutions for their livelihood, either through salaries and wages or through dividends, the transition of business generally is the key to the individual's credit risk.

In this country, where we have either unbounded optimism or pessimism black as Stygian darkness, it is wise to remember that capital purchases of new plants and equipment, which contribute so much to prosperity, rose in 1929 to something over nine billion dollars and fell to a little over two billion dollars in 1933. They never got much above six billion dollars during the New Deal era, notwithstanding the stimulation of tremendous government expenditures—pump priming—until war production began after 1939.

If there should be a marked decline from the present rate of private capital investment, which for the last quarter of 1946 was at the rate of 14 billion dollars annually, a serious depression is inevitable. If and when that comes, every business house and every individual will feel its mark. Therefore, a reasonable balance in this era of great prosperity is advisable. When one advocates caution today, he frequently is branded a reactionary. It seems

that today it is stylish to refrain from using cautious words.

If ever we can avert periodic depressions, it can be only by an awareness of possible future dangers. We do not have to live in constant fear of impending catastrophe and fail to take advantage of present opportunities but we certainly should not ignore the lessons of history. With reasonable self-restraint in shaping our economy and, primarily, through credit control to prevent over-expansion of business and over-extension of the individual, the excesses which inevitably lead to collapse can be tempered, at least.

The men who manage large concerns, upon whom rests the responsibility for formulating future policies, should never take steps 1, 2 and 3, until steps 10, 11 and 12, and their implications, have been fully thought out. That is, management's conclusions must always be based upon the long-range, rather than the short-term, viewpoint. Executives who formulate credit policies, which must be elastic, should recognize the wisdom of such a policy. This applies particularly to basic credit policies affecting open accounts as differentiated from deferred-payment accounts, as the former in bad times carry a greater risk.

This is particularly necessary today, for with the discontinuance of controls exercised through Regulation W, the floodgates are open. Therefore, a closer evaluation of newer accounts is essential. This does not mean that expanding the scope of credit activity and increasing the number of acceptable accounts on the books should be neglected.

These are the pitfalls that are ahead. If we recognize them, there is no reason why we should fall into them. On the contrary, we should be able to capitalize upon the opportunities that are in the offing. America today is at the very pinnacle of her influence, possessing transcendent power in men and resources. With able guidance in the national government, we should be able to develop an era of progress, particularly if we have wisdom and restraint sufficient to temper the excesses of prosperity and power.

As the banker of the world, we have discarded isolation and have assumed world leadership. The speed of transportation has drawn us close to all mankind over the earth. For the first time in the history of our nation, there seems to be common consent that we must utilize our natural and spiritual resources to develop effective agreements among nations through which peace may be assured; to strengthen international political understandings; and to encourage international commercial relations that will prevent an economic stagnation such as enveloped the world in the great depression. Then, trade among nations was stifled because freedom and competition were destroyed by despots who endeavored to manage by decree the economy of states, in order to develop and perpetuate power for themselves.

In this way, alone, can we expect to spread the gospel of the brotherhood and the dignity of man, and free great masses of people in backward and undeveloped countries from the shackles of slavery and exploitation. *Thus, we can consecrate those men and women of all lands who sleep in the dust and beneath the waters of the seas, who have made the supreme sacrifice on the battlefields of the world so that our children may live in peace and security.*

Future Problems in Retailing

Robert W. Elsassser

(Continued from the June CREDIT WORLD.)

When we think about credit control and about determining an adequate and acceptable ratio of income to outstanding indebtedness of the individual, it becomes evident that the many variations in the judgments of these groups must be reconciled.

The events occurring now confuse us. We hear so much that we did not know before and are hearing so much that is not so. We are having so many conflicting ideas thrown at us. Nor have we taken the time to put our thought processes in orderly shape. It is difficult to follow everything that is going on, or to keep our facts in order. Nevertheless, clear thinking is your responsibility.

With the kind of changes that are under way, it is especially necessary to hear our enemies. Even when they express ideas that we cannot accept, we must give them the right to say what they wish. Such willingness may make it necessary to answer whatever charges may be made or to combat the ideas that may be generated. But preparedness against attack is a source of strength in the discussion of problems.

Was there ever a time in your memory when people were being talked at more than now? No matter where you go, you must listen to somebody express his ideas. You meet this test in newspapers, magazines, and the radio. The frequency of news broadcasting and commentators' programs in itself is a significant phenomenon of our times.

We have gone through four or five years in which this country has had a single, definite purpose. Because of this purpose, we pulled together. Few people dared express purposes at variance with the primary purpose of winning the war. One of the reasons why our production job was so good was that the public felt the unity of this purpose. With the cessation of hostilities, however, individuals who had harnessed and disciplined themselves suddenly felt the freedom to say what they wanted to say, of having some purchasing power in their pockets, and the freedom that comes from having more purchasing power in the form of consumer credit to tap when we need it.

Your customer today is a pretty sassy and independent fellow. He wants what he wants, and wants you to know what he wants, and he is not going to sit back and let you give him or tell him some of the things he had to take a few years ago. He is going to be more assertive, and you had better build your organization accordingly. Does that mean you should be ready to fight? Maybe some individuals need to fight, but the wise policy is always to acknowledge the customer is right.

Do not overlook the fact that the customer is suffering from the same kind of confusion that bothers you. He is not doing an orderly job of thinking any more than you and I are. We are all victims of our emotions, up today and down tomorrow. We hear ideas coming at us so fast that our biggest problem is trying to decide which are acceptable and which are not.

Groups have been organized and have hired smart publicity agents. Some of our business organizations are doing the same thing. They are hiring skilled technicians who know how to sell words that have the right emotional effect on the customer, not a rational effect, that will induce him to believe what they want. The result is that, within ten minutes, an individual who is approached by two conflicting propagandists using the same methods has shifted his thinking and is really confused.

We have a tremendous world communications organization that tells us what is happening everywhere. We hear what is occurring on the other side of the globe while it is actually in progress.

Under those conditions, you cannot expect customers, who are human beings, to be consistent, unless they are trained to be cold and scientific. Even then they have their emotional moments. You cannot expect human beings to stay anchored to one idea. Therein lies one of the major problems that you as retailers are facing—the continuously changing attitudes and loyalties on the part of your customers. You may develop your analysis through study of your experience with your accounts.

We had an advertising man in New Orleans, Mr. Fitzgerald, who used to call our market a "market on wheels." The major characteristics of this market are that it spends more for new automobiles than for any other item except food, and is always moving. Do not forget that before the war we had more automobiles than telephones in this country. You should not miss the significance of the idea of a market on wheels. Neither should you miss the significance of the idea that it is also a fireside market, in spite of all the statements made about the breakup of the home and family. We must acknowledge that we really put on an effective show when the late Mr. Roosevelt, who had the appeal and the authority to go with it, used the intimacy of the fireside to get his message to people's hearts. The success of those chats was a great compliment to the man, but more than that, they revealed some of the anxieties of your public.

Limited Consumer Purchasing Power

You should not limit your thinking about competition to that among department stores and other retail dealers. You should think also about commodity and service competition; for example, between books and doctors, or between automobiles and other professional services. In other words, think of your competition among lines of goods for limited consumer purchasing power.

Consumers' income has been extremely high for several years. It is expected by most reliable forecasters that this year it will be somewhat lower than last year. Some merchants reason that they should get at least a fixed percentage of it from a selected group of buyers. This means that with fewer dollars of income, we are going to have fewer consumer dollars for retail buying. The point is, you should not expect the same aggregate consumer dollar income that you had last year. With rising prices

in this market, your physical volume or tonnage will be off. On the other hand, there are some people who expect that 1948 may show a marked increase in consumer income.

The shift in prices that you have been hearing about for the last few months is confusing. Some observers say that all of the forecasters at the beginning of this year have been proved wrong, because prices are going up. So far as I know, most forecasters predicted this present price rise and said it would continue through June, probably into the middle of the year; and that, thereafter, the level would drop, possibly as much as 20 per cent in some lines, and none at all in others.

In general, you should expect price declines in soft goods lines of about 10 per cent by the end of the year. Hard goods lines will see firm prices through 1947. They are staying where they were and increasing. However, this is a very indefinite, unpredictable market. Anything can happen overnight. Remarks, stories, or well-planted ideas can generate the suspicion that we are on the verge of a terrific increase in prices. You would then suddenly feel the emotional reaction of people in the form of another heavy demand that would shoot prices up, in the absence of control. Similarly, if something would happen to create the impression that prices will drop drastically, buyers would hold back, with severe consequences. We react much more readily today than 40 years ago, when it took a month or so to get messages to another part of the world. Now it is a fast-moving world, in which all impressions and preferences can shift overnight. We do not have the same lag in our important statistical series that we used to have.

Let me warn you, decisions based on price levels must be made cautiously because they are always measured in averages; and, unless you are skilled in using an average, you risk false conclusions. It is a dangerous tool to use. Some people use an average as if it were something to be attained. It is not. It is the variation from the average that may be far more significant and desirable than the average itself.

Purchasing Power of the Dollar

When we talk about price levels, we are talking about the purchasing power of the dollar. You need to watch two separate groups of powers. There are the supply and demand conditions that surround the price of a single commodity, and there are the money and credit conditions surrounding the price level of groups of commodities. These two separate sets of powers combine to make a price move up or down. When you talk about price levels, you are generally talking about purchasing power of the dollar rather than the price of a specific commodity.

Do not be surprised if you see the emergence of ideas leading to centralized consumers' banks of one kind or another. Nor should you be surprised at an increasing mass consciousness of the need for collective standards throughout the world. I am neither advocating nor opposing collective standards. We cannot ignore the fact that, during the last few years, mass education has directed labor and consumers toward a different kind of existence, toward a demand for a larger share of national income, toward greater human consideration, according to their standards, than they have been getting from the typical managers.

In various forms, class consciousness will be promoted for political purposes. Ideological aims or reforms will attempt to win mass approval. Many of us who may be classed as individualists favor social improvements. Our social structure promises higher standards of living for all. But we are not willing to accept promises for long without realizing them. The masses are emotional rather than rational, and their views may stem from the ideas presented by ideologists who are deliberately trying to provoke emotional reactions.

Changes in Our Channels of Distribution

Changes are taking place in our channels of distribution. In the early 20's, it was said that the wholesaler was going to be eliminated. You will recall the question so often raised: "Can the middleman be eliminated?" And the answer, "Yes, but if he is, his functions must be assumed by somebody else." In this respect, we are not sure now what is happening to our channels of distribution. By way of illustration, 30 years ago we had about 20 wholesale grocers in New Orleans and about three in the rest of the state. Now we have about half as many in New Orleans and about 125 throughout the state. You can draw your own conclusions.

In some areas where you have adopted intrastate standards, you may be compelled by public opinion in the not-too-distant future to accept and adopt interstate standards. In other words, we are moving toward uniform standards on the nation-wide basis.

You will see a gradual shift in thinking about the Sherman Anti-Trust Law and its implications. Some of our ideologists are beginning to consider this law a capitalistic device to prevent further consolidation and centralization of industry, which they think should be encouraged for social welfare. Get the significance of this. The "liberal" of 50 years ago wanted the law. Now, the "liberal" is beginning to talk in other terms. He says we must have concentrated, centralized industry. Therefore, we must get rid of any legislation which discourages or prevents centralization.

These conclusions arise partly out of the idea of rationalization. The rationalization movement gets its name from Germany and is the same as cartelization. As a matter of record, the term "cartelization" became unpopular, and was changed. When prejudices grow, we change a word or name. That is smart copywriting. You will hear more of rationalization in the future. It is the application of scientific principles of management to an industry as a whole, or to distribution as a whole. Mark you well, in examining distribution as a whole, we define our purposes to include reduction of margins. The dangers in rationalization are political, rather than economic.

Be ready for the application of scientific principles to consumer credit operations, and that includes, predominantly, the idea of control. You did a grand job under Regulation W. Some of you liked them and some did not, and there is justification for a marked difference of opinion. Let us have that difference of opinion expressed in the Halls of Congress, where it belongs. But, do not be surprised if it leads to further discussion of the need for credit control. Whether or not that need will exist depends largely upon what happens henceforth in the use of consumer credit.

The results so far achieved make us acknowledge all the merchandising value of consumer credit. Remember, the total reported outstanding credit had reached a peak of about ten billion dollars in 1941, just before the war. That figure's source is the "Survey of Current Business." During the war period, the total dropped to a low of five billion dollars in September, 1945. You probably know that, since 1945, it has risen again to ten billion dollars. That has been an increase of roughly five billion dollars since the fall of 1945.

Increase in Total Consumer Credit

In other words, in a little over a year and a half, we have increased our outstanding formal consumer credit by the total of roughly five billion. This is not nearly so heavy a burden today as it was then. We had a national income of 80 billion dollars then, and, today, we have an income of 100 billion dollars. By the same logic, we can stand 20 billion today as well as ten billion then.

When you wonder about the soundness of such volume, look at the thinking of this nation in the 30's. Then, Mr. Roosevelt was attacked because he said he believed that we could carry a debt of 55 billion dollars. Now, our national debt is almost 260 billion. It is so high that we pay little attention to a single billion. A comparison of these values suggests that your thinking about financial measurement must be relative. With this warning in mind, there are those who think that a slight degree of inflation will help this country carry its burden of indebtedness.

In terms of national fiscal policy, I lean toward the view that action will be taken to encourage a small degree of inflation without permitting it to be wild or unrestrained. In those terms, then, you should look for gradually rising price trends, when money and credit conditions dominate the forces of supply and demand for goods.

Let us return for a moment to the volume of consumer credit. Twenty billion dollars is not a serious volume with present rates of productivity. On the other hand,

there are those who say that we may raise it to 30 billion, and some who say we may even reach 40 billion dollars in consumer credit. This formal series does not include all open accounts and other forms of credit.

Since such amounts are within the realm of possibility, the time has come for all forms of consumer credit agencies to get together and pay attention to changing and shifting their standards, so that they can develop and adopt standards that will permit them to continue the control of consumer credit. If they let the conditions that will follow impending competition between credit-granting agencies throw the general public into an antagonistic frame of mind, the public, through legislation, will specify its own standards and develop its own controls. There is the idea which I think is more important to you than any of the others that I have suggested.

You are going to find manufacturers increasingly disposed to control outlets; and margins will be reduced. There will be smaller and smaller margins, and more dictation of your operations by national-brand manufacturers. If you do not believe it, look at the automobile industry and its dealer relationships; and that is not intended as criticism, just an observation.

Bargain With Labor Organizations

You will find it necessary in the future to spend considerable time in consulting with your employees, especially when you must bargain with labor organizations. They have been helpful to your clerical and sales forces in defining wages and hours, specifying working conditions, and studying the possibilities of bonuses, sick benefits, vacation plans, etc. It is unlikely that decisions on these subjects will be left to individual management in the future.

Do not be surprised at a strong tendency in some areas to limit retail credit hours to a specific number, to name the hours in the course of the day, and to develop a wage schedule that calls for premium payments for time outside of that schedule. Such a schedule already exists in some industries, and it will not be surprising to see it develop in retailing.

You will always be confronted with the necessity of reducing costs. There is always the chance that consolidation may reduce the cost of credit granting and collections. Costs may also be reduced by centralized control within a community, a central credit-granting agency controlling accounts receivable and other forms of credit. The idea sounds sudden, and we do not know how far it will go, but it offers another form of centralized cost-reduction agency as an outgrowth of rationalization of function.

Some new systems for centralized community delivery are taking root, aimed at lower costs. You will find that for many items the actual manufacturing cost constitutes a small margin of the retail price. Those people who are concerned with so-called "social welfare" are sharply eyeing the margin between retail selling price and the manufacturer's cost, regardless of the channels of distribution used. They have discovered such wide variations that they are going to devote a great deal of attention to what we call studies in distribution cost, aimed at reducing the cost of distribution for the benefit of the consumer. *We have to do it, ourselves, or somebody else will do it for us.* ★★★



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AS A SACRED TRUST

AN UNUSUAL STICKER

THIS MOST UNUSUAL STICKER has been designed for use by members on all printed forms in connection with credit and collections. In addition, they should be used on letterheads of the credit

department and on statements on which a previous month's balance has been brought forward.

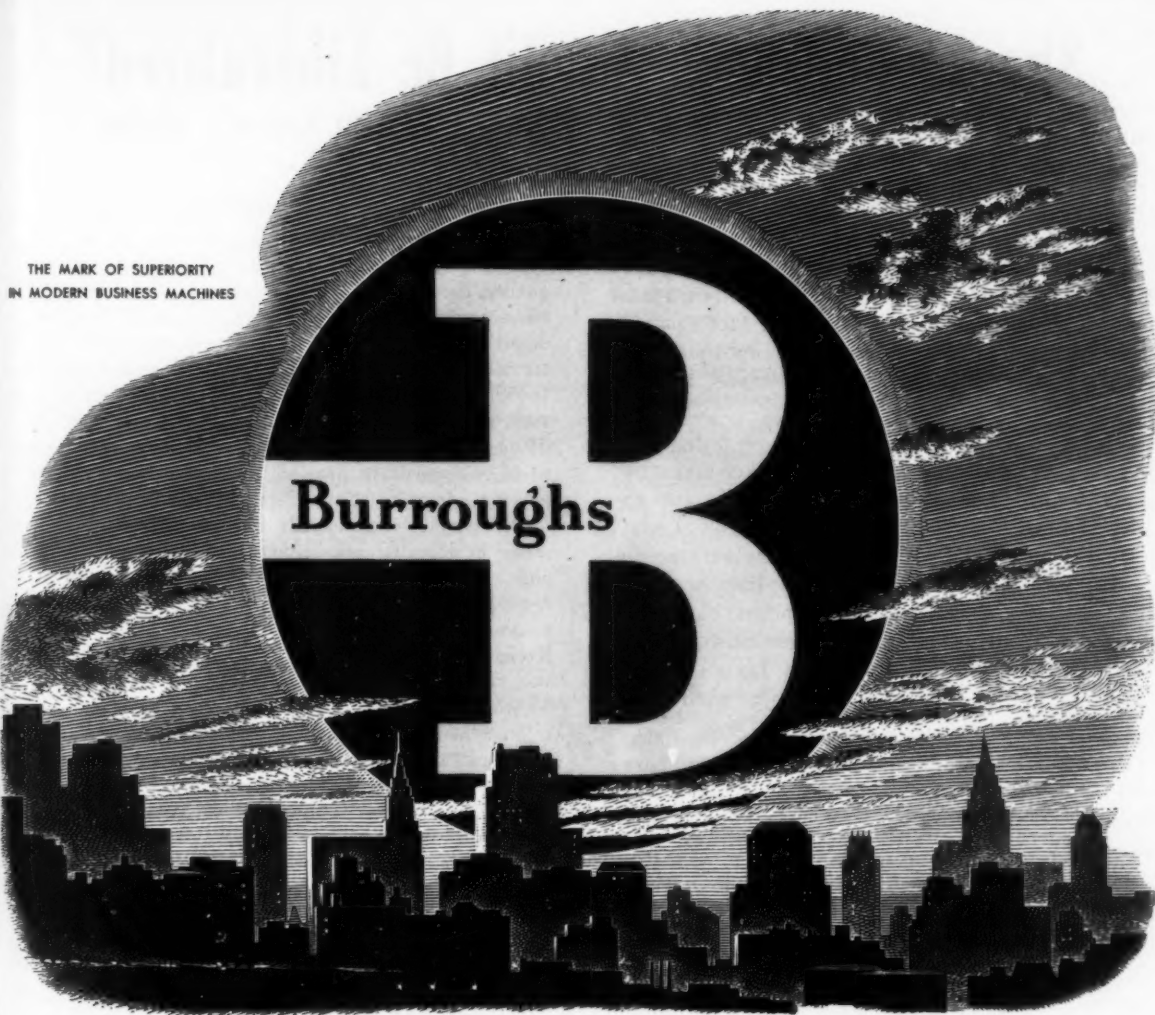
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Should Consumer Credit Be Liberalized?

SURVEY SHOWS CONSUMER ATTITUDE TOWARD CREDIT TERMS

Robert Bartels, Ph.D.

Associate Professor of Marketing, The Ohio State University

(Written exclusively for The CREDIT WORLD)

WITH THE INCREASING competition of a buyers' market, sellers today face squarely some important credit policy decisions that affect not only individual, but also collective, business prosperity.

The time has passed when business policies affected no one much but the policy maker and when credit policies were thought to be strictly and exclusively "a matter of one's own business." Today, businesses are so interrelated that one's own policies are accentuated in the market place, and they return in the form of general economic conditions as a boon or a bane to one's business existence. If merchants, therefore, would enjoy favorable economic conditions, they must contribute their share to shaping those favorable conditions.

What Credit Managers Owe Their Stores

Credit managers in recent months have shown themselves to be aware in some measure of the dual responsibility which they owe to their organizations and to society. On the one hand, they are responsible for maximizing the profits of their firms. This they can sometimes accomplish through increased business resulting from more liberal credit terms. On the other hand, they are trustees of a power which can, and usually does, affect the general economy. By the terms of credit they extend, buying is accelerated, purchasing power increased, consumer obligations sometimes overextended, and expenditures diverted into new channels. Power of great magnitude lies in the hands of credit managers, and at the expiration of Governmental restrictions upon credit, decisions must be made as to what use shall be made of this power.

The important question before credit managers today is this: *How liberal should consumer credit terms become?* Specifically, what change should credit managers effect in their own terms? The consensus seems to be that terms—particularly instalment terms—should not return to their prewar status. The nominal down payments and extended credit periods characteristic of prewar terms made buying too easy for customers, and made selling too costly, in the long run, for merchants.

Must such conditions return? Have merchants no voice in determining general economic conditions? Can we now sustain the benefits which Regulation W forced upon us?

Beneath the hopefulness which credit managers express that terms will continue to reflect sound policies, there seems to lie a doubt as to whether this will actually be accomplished. Experience has shown that in the face of increasing competition and declining business, credit is used more as a promotional device than as a customer service. Competition tends to shift from the bases of

quality, service, and price, to the basis of terms. The effect of this policy is cumulative, for one store after another usually follows a leader, until excessively liberal terms are the general condition rather than the exception.

When this liberalization occurs, who is benefited by such terms, or what is accomplished by them? It is illogical and unreasonable to think that stores long continue voluntarily to promote terms which offer little, if any, advantage to them. Yet, this is often the case, for overly liberal terms usually are accompanied by an increase in defaults, repossessions, bad debts, and collection and account-handling costs. These increased costs are not always compensated by the profit on the greater volume of sales made possible by the more liberal terms. Recognition of these facts underlies the hope that terms will continue sane and sound.

Apart from their effect upon merchants, do such liberal terms benefit customers? They may, possibly, inasmuch as through them some people "get something for nothing." Yet, as a result of such terms, consumers overbuy; they are sometimes deceived as to the real charges which they are paying for credit; and they are often diverted from careful consideration of the poor quality of the merchandise which features such low terms. Small blessings are some of these "benefits"!

There is, nevertheless, an advantage to stores in the increased volume which easy terms may produce, and to customers in their ability to spread a given purchasing power more thinly over a greater number of commodities. But, unless these monetary advantages are consistent with sound business practices, there is little justification for them.

From the consumers' viewpoint, the most liberal terms which stores offer are not always the most desirable. Buyers are, on the whole, fairly frugal managers of their own household affairs and do not always regard promotional credit terms as necessary or irresistible.

Some Survey Conclusions

There were some conclusions reached in a survey recently conducted under my supervision by students in Market Research at The Ohio State University. The opinions of approximately 200 users and nonusers of credit throughout the city of Columbus, Ohio, so chosen as to present a representative sample, were obtained with reference to reasons for using credit, credit investigations, store policies and practices, terms offered, needs for credit, etc. Dealers were also asked questions concerning their current practices and the changes they anticipate making upon the expiration of Regulation W. Some of the significant findings of this survey follow.

Consumers reported that they do not customarily shop for credit terms. Almost three-quarters of the persons contacted in this investigation said that they did not compare credit terms of various stores in making a decision

as to where to buy. Conversely, one in four people did give some attention to terms in their patronage decisions. To some in this group, liberal and easy terms are a prerequisite to making certain major purchases. To others, they are something merely to be taken advantage of because they are available. No doubt the down payments and payment periods required by Regulation W have excluded many buyers from the markets for some of the higher priced commodities. It may be equally true that somewhat more liberal terms for a number of these commodities would be consistent with good business practice. It is likewise true that consumers readily adapt themselves to changes in services given by stores. This is indicated by the fact that more than a third of those who said that they compare terms in shopping also said that it would not really inconvenience them always to pay on the terms which Regulation W had required.

When asked to state the most important factor affecting their decisions where to buy, the following replies were given:

Total price	51%
Service charges, etc.	13%
Down payment	10%
Total payment period	10%
Other reasons	16%

Some Consumer Preferences

Consumers prefer the more conservative instalment terms where a choice is available. If offered two propositions for a \$100 purchase, one at \$20 down and \$10 per month, another at \$5 down and \$1 per week; 89% said that they preferred the former. The reason for this preference was twofold: First, by that plan they were able to get out of debt sooner and, second, weekly payments were held to be inconvenient.

Consumers are of the opinion that down payment should be required for goods bought on the instalment plan. Only 6% of the buyers believed that down payments should not be required. This attitude toward down payments may be conditioned by the requirements of Regulation W, but the importance of the consensus lies less in its cause than in the fact that down payments appear to be an accepted part of instalment credit today. Return to non-down-payment terms would seem inevitably to involve a promotional rationalization.

Sixty per cent of the consumers who were contemplating making a major purchase of a durable good preferred to make at least a 33% down payment. Twenty per cent preferred to pay as much as 50% down. No one chose to pay down less than 20%. This reaction, too, may reflect recent experience under Regulation W, but its significance lies in the fact that no one wished to pay as little down as many merchants were asking before the war, and in some instances are again asking; namely, 10% or nothing down!

Twelve months was the most commonly preferred time period for paying the balance due. Eighty per cent of those interviewed thought a year to be sufficient time; only 20% desired 15, 18, or 24 months.

All of these consumer observations point to the conclusion that any extreme liberalization of credit terms would be contrary to the express preferences of the great majority of customers. What, then, could impel the adoption of such terms? Competition among merchants?

This is the nub of one of the foremost credit questions today: Must credit terms be competitive?

The history of credit selling shows that terms have often been used competitively. Their primary *raison d'être*, however, is to afford the convenience in purchasing or the temporary purchasing power of which they are capable. Yet, from the merchant's viewpoint, they are more often regarded as a device for increasing and sustaining volume.

Credit, like delivery, advertising, adjustments, and the like, is a business tool. As such, it is susceptible of proper or improper use. It may be used competitively. Its use, however, should be governed by principles learned through long experience in business practice.

The circumstances surrounding the use of credit today and the factors influencing the liberalization of terms are not much different now from those of another time. Temptations to promote business for temporary gain, at the expense of permanent advancement, remain temptations. The excuse is still given that liberal terms are offered "because consumers want them." The excuse is still given that terms must be liberalized because competitors have liberalized them.

The primary need today, however, is for each businessman to reflect consistent, sound policies in his own credit practices. Today, more than at most times in the past, it seems important that merchants base their decisions on sound principles. Only by assuming this individual responsibility can they be sure of contributing most effectively to the betterment of the general economic conditions, which, in turn, affect their own businesses. ★★★



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CREDIT and the Young Applicant

W. C. Goodman

CREDIT AND the Young Applicant" brings together two mighty forces in our present day—credit, with its vast power and potentialities, and youth, with its bright vision, energy, and enthusiasm.

It is needless to elaborate upon the power and scope of credit. You and I know that it has no equal as a medium for the even and proper distribution of commodities, and that now it is returning rapidly to its own. For perhaps two or three generations, it has been the backbone and the very fiber of our national economy. We know that, in past years, our country has been completely sustained with credit more than once. We also know that the years ahead will see credit again the chief, if not the only, medium through which our people will obtain the things they want and need.

Prior to World War II, the total consumer credit outstanding receivables in our country had attained the enormous figure of ten billion dollars. During the war, this was reduced by scarcity of goods and government regulations to about one half, or a little more than five billions. The total of regular and installment accounts outstanding, which is the figure most interesting to us, was at its peak of 5.5 billions in 1941 and was reduced to a low in February, 1944, of one billion 900 million. Now the upswing is in motion. People are turning to credit again, and receivables are mounting steadily month by month. We are entering perhaps the greatest era of credit buying that our country has ever witnessed.

Now, hammering at the door of our vast credit structure, we have literally hundreds of thousands of new applicants for credit. During the several years' operation of selective service, our youth was drawn directly from the schoolroom into military service, where, during the war years, they grew to manhood. The demobilization and discharge of these millions of young men came about somewhat abruptly and in a comparatively short period of time. We are confronted with a completely new generation of full-grown young men, ready and anxious to assume the responsibilities of adult life. They come to us with their fresh hopes and ambitions, their new homes and families. Does it not warm your heart to see them in the buoyancy and confidence of their youth, as they set about to build their lives?

W. C. GOODMAN is Credit Manager, Reynolds-Penland Company, Dallas, Texas, a Past President of District 8, N.R.C.A., and the Dallas Retail Credit Managers' Association, Dallas, Texas. He gave this interesting address at a recent meeting of the Dallas Association.

There is nothing to compare with the power of youth. These young men can revolutionize this old world, and certainly they can control any problem, including our credit economy, once they get together and make up their minds. These young people grew up in a credit economy. It is only natural that, after the flush of prosperity and spent savings (and, incidentally, the backlog of savings is dwindling rapidly), they should turn to credit. It is natural and logical, in our way of life.

In the introduction, the bringing together and getting acquainted of these two mighty forces, we must involve the credit manager. He is a prime factor, who stands between these two elements, as the acquaintance of both. He is supposed to understand enough of both their natures to become the introducer, arbiter, interpreter, explainer, seeker, and teacher. It becomes his duty and business to give the credit structure confidential information about the applicant, and it is also his duty to explain fully the business of credit to the applicant. If he fails in either direction, his job is only half done.

The credit structure (meaning your store, mine, and the thousands of others throughout this nation) presumably stands ready to absorb all seekers of its advantages. We will assume that it has prepared its own house, that it has the equipment and personnel, the postwar terms and the credit policy necessary to take care of all credit applicants. Now comes the young applicant or seeker of credit. We will assume that any person, regardless of age, who has never used credit before is a young credit seeker.

Types of Credit Applicants

Consider the various types that find their way to your desk: Tall, short, fair and dark. Some are smiling, while others are serious. Some are bold and others are timid. Some are sophisticated and some are nervous. They dress in all fashions: The business type, the clerk, the laborer. Some are loud and some reserved, but all are intent on establishing themselves and gaining the benefits of credit buying.

For the G. I., particularly it has a special significance. To him, it is an essential part of becoming a civilian again, as necessary as civilian clothes. He has never had credit before. He is approaching the portals of credit power for the first time, and you have been selected to conduct and introduce him.

Credit-granting principles require that you know about the young man, his family, his income, his position, and other confidential details. In taking his credit application, you proceed patiently, diplomatically, thoroughly, and in a confidential manner to obtain this information. By that act, you are introducing him to the credit structure. Through you, the credit world is meeting and finding out about this young man. You are laying down for the record the first timbers of the foundation upon which he will build his credit house. Is it asking too much to expect you to educate him in the mechanics and uses of

credit? If you are to be the first to tell the credit world about him, should you not also be the first to tell him about credit? First impressions are the most lasting, as all credit managers of experience can testify.

You will remember that the applicant or the new user of credit does not simply open a charge account with you and your store. If you are the first, you are opening a door of purchasing power that probably will have a glamorous appeal for the user all through his life. You are introducing him into the economic realm of credit dealings, a vast field of plenty that will be his for the asking.

This new world you open up will have its appeal and great advantages, but will also have its hazards and disadvantages. His personal credit, if properly used, can be a comfort, a pleasure, and an aid to him down through the years. If improperly and unwisely used, it will become a millstone about his neck, grinding out years of misery that might otherwise have been happy, not to mention the loss of potential buying power and the work and expense of collecting the debts he unwisely contracted. So it is important that the credit manager instruct the new user of credit.

From time immemorial, youth has appealed to experience, as well as theory, for its education. Certainly there would be very little of our modern-day education if the student were left entirely to himself, with only textbooks, and no teacher with his knowledge, personality, experience and interpretations. Even so, the youth of today, in reaching out for the benefits of credit, is exploring the unknown and entering upon a new experience, about which he knows nothing. Since his life expectancy extends for many years, and he has become a user of credit, it follows that the better the education in the use of credit, the better the credit relations throughout his active life. It is plain that the more thoroughly the first credit manager who handles the applicant does his job of education, the better, more pleasant and profitable the relationship between credit and the user will be. The individual credit manager cannot afford to be dilatory or lax at this point. He must be alert, eager and anxious to explain to the applicant all the problems that can confront him, as well as the danger points.

Taking An Application

In taking an application, we will be quite frank, free and open in our discussion. We will explain the whys and wherefores of the various questions. We will fully explain credit terms and the value of adhering to them. We will explain the connection between us and our Credit Bureau, and between the Bureau and the buying public. We will explain that the Bureau does not grant or refuse credit, or express opinions, but that it is simply a mirror which reflects an individual's credit activity back to the merchants or members.

We will explain that it is within our power only to grant credit, but that it is up to him to make his own credit record, whether good, medium or bad. We will caution him carefully about keeping a proper balance between income and credit obligations. We will explain the danger of overbuying and impaired credit that must result.

We will explain and urge that any difficulty, illness, loss of position, or act of Providence that causes an upheaval in his financial program should be reported promptly to the credit manager. We will remind him that if he were sick, he would see his doctor; if he had a toothache, he would see his dentist; if he found himself in need of spiritual help, he would see his minister; and if he has trouble with his credit, he should see his credit manager. We will impress on him that the next-best thing to paying accounts as agreed is keeping in touch with the credit manager.

Explanation of the Credit

We will explain that credit is all that one could expect, as beneficial as one could hope, so long as he manages it, but that when he permits his credit to manage him, he is in dire trouble. It is far better to talk this over in person, at a conference, but if that is impossible, work out other ways and means. Our National Retail Credit Association is alert to this need. For a small charge, you can obtain in any quantity the little pamphlet, "The Good Things of Life on Credit," which can be placed in the envelope with your letter of acceptance, or handed to the applicant during the interview. It is colorful, attractive, and has a strong eye appeal. By all means, develop some method or manner in which you can impart this credit knowledge to your young credit user. You owe him this service.

There can be no doubt that credit men and women occupy a position of trust and tremendous responsibility toward our youth of today applying for charge accounts. Our profession is a high calling, equivalent to that of public servant, and is almost that of servant to humanity. We must not fail to live up to that lofty standard. We must exhibit a frank, free and easy confidence in our fellow man, for without confidence in each other there is no hope. Certainly our profession requires "man's confidence in man." We must instill sound economic principles and business judgment in the young users of credit, so they will have a solid track on which to run their credit machinery and a durable foundation for mutual confidence in credit transactions.

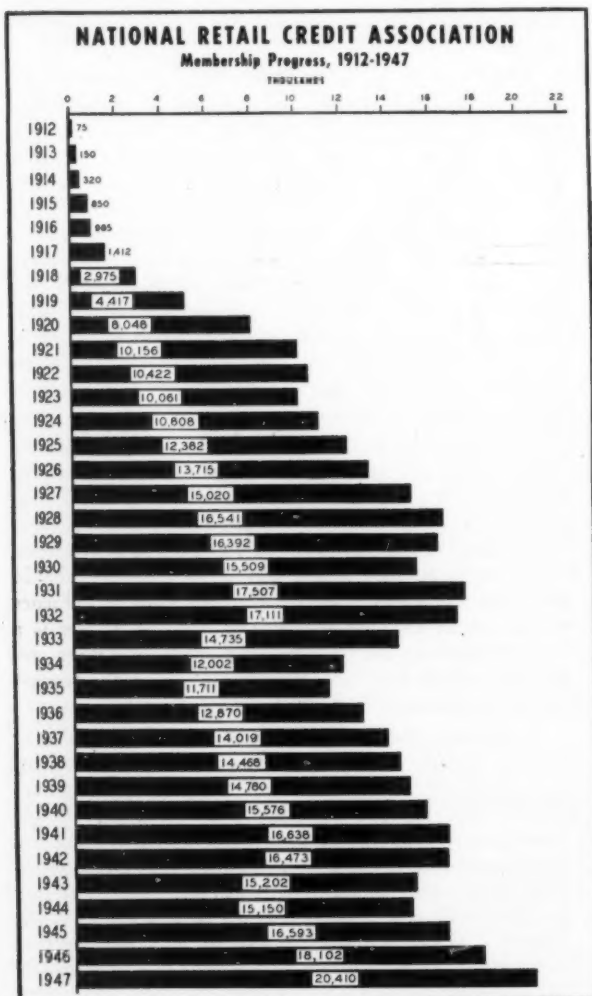
You must also become a teacher, for the new user of credit needs education about credit. Never before in our history has there been so much interest in adult education. Never before have so many adults with responsibility filled the classrooms of our colleges and universities, and there is no good reason why credit managers should not seize this opportunity for effective work to influence the future of individual credit dealing. A teacher is a mighty influence and teaching is a noble profession, regardless of place or subject. The work of the teacher influences the individual all the years of his life.

I challenge you to join with me in a firm resolve to put our thought and earnest effort into the education of our young applicants in the full meaning of charge accounts, that they may be happy and mutually profitable users of credit. Thus, we can insure a brighter and less burdensome future for credit managers and credit users. Thus will we be serving youth and the generation that is taking over now. Thus will we be serving the credit structure of our business institutions in a manner that will endure. *Thus will we be happy in our work and in the consciousness of a job thoroughly accomplished. ★★*

St. Louis Conference Notes

New Officers for 1947-48

New officers of the National Retail Credit Association, elected at the annual conference in St. Louis, are as follows: President, Hugh L. Reagan, Cain-Sloan Company, Nashville, Tenn.; First Vice-President, Dean Ashby, J. L. Brandeis & Sons, Omaha, Neb.; Second Vice-President, Richard T. Schatz, Washington Water Power Company, Spokane, Wash.; and Third Vice-President, Clarence Wolfinger, Lit Bros., Philadelphia, Pa. Directors at large, Royce Sehnert, Wichita Eagle, Wichita, Kan., (to fill the unexpired term of Dean Ashby, who was elected First Vice-President); C. Glenn Evans, Halle Bros., Cleveland, Ohio; O. W. Frieberg, American Trust Co., San Francisco, Calif.; Eric Marsden, Sterling Food Markets, Ltd., Vancouver, Canada; and R. M. Severa, R. H. Macy & Company, New York, N. Y. Harold L. Blancher, Seattle Trust and Savings Bank, Seattle, Wash., succeeds R. T. Schatz, representing District Ten, who was elected Second Vice-President.



Membership Prizes

Membership of the National Retail Credit Association is higher at the present time than at any other time within its history. The membership chart on this page shows that on May 31, 1947, the membership was 20,410, an increase of over 2,300 during the past year. As usual, membership prizes were awarded at the annual conference of the Association, held in St. Louis, June 16-19, 1947. The list of prizes includes the following:

Genuine Pigskin Portfolios

Chairman of District reporting the greatest number of new members:

Walter Jensen, Secretary, Pacific Northwest Credit Council, Portland, Oregon.

Local Chairman reporting the greatest number of new members:

E. N. Anderson, Shell Oil Co., Seattle, Washington.

President of National Unit making the greatest percentage gain in membership:

R. T. Wright, Metropolitan Branch, Seattle First National Bank, Seattle, Washington.

For outstanding membership work:

E. DeWitt, Seattle Credit Bureau, Seattle, Washington.

Gavels

First local unit organized during the fiscal year (also largest):

Retail Credit Association, Ontario, Oregon—June, 1946.

Local Unit making greatest percentage gain in membership:

Retail Credit Association of Seattle, Seattle, Washington.

Local Associations in cities up to 50,000 population organizing a National Unit of 15 or more members:

Retail Merchants' Association, Lubbock, Texas.
Retail Credit Association of Nyssa, Inc., Nyssa, Oregon.
Retail Credit Association, Vale, Oregon.
Williamsport Credit Bureau, Inc., Williamsport, Pennsylvania.

Credit Managers' Association of Rome, Rome, Georgia.
Retail Credit Association of Skagit County, Mount Vernon, Washington.

Kamloops & District Credit Granters' Association, Ltd., Kamloops, B. C., Canada.

Local Association in cities 50,000 to 100,000 organizing a National Unit of 20 or more members:

Credit Association of Manchester, Manchester, New Hampshire.

34th Annual Business Conference

The 34th Annual Business Conference of the National Retail Credit Association will be held at the Banff Springs Hotel, in the city of Banff, Alberta, Canada, Monday through Thursday, June 7, 8, 9, and 10, 1948.

Resolutions

THE FOLLOWING RESOLUTIONS were unanimously passed at the St. Louis Conference:

Harry L. Bunker

AT THIS TIME we desire to pause to pay our grateful and heartfelt appreciation to the Officers of our Association who have so faithfully and unselfishly given of their time to serve us.

WE ALSO WISH to especially thank H. C. Capwell Company of Oakland, Calif., for having permitted our President, Harry L. Bunker, to take so much time from their service to render service to our Organization.

St. Louis Association

WE EXTEND our thanks to the Associated Retail Credit Men of St. Louis and their Officers and members, and, particularly, the various Committees who have done so much to make our 33rd Annual Business Conference such an outstanding success.

General Sessions Speakers

WE MOST DEEPLY appreciate the excellent addresses of the various speakers who appeared on our program and extend to them our thanks for the inspirational and educational benefits they have afforded us.

St. Louis Hotels

TO THE MANAGEMENT and employees of the various hotels here in St. Louis, we express our appreciation of their gracious hospitality.

Publicity

THE ST. LOUIS NEWSPAPERS, Women's Wear Daily and other Fairchild Publications have been most generous in allotting space to the proceedings of this Conference, and to them we express our appreciation.

The Group Conferences

THE GROUP CONFERENCES held in connection with this general Conference have been most outstanding, and their success is due to the untiring efforts of the General Chairman and his assistants, to whom we express our sincere thanks.

Exhibitors

THE EXHIBITORS AT THIS Conference have been most cooperative in furnishing displays of the latest credit department equipment and we want to thank them for their generous contribution in our behalf.

Canadian Members

OUR ORGANIZATION IS INTERNATIONAL in scope and we have many members in the Dominion of Canada, many of whom attended this Conference. We welcome them and express to them and to their fellow members grateful recognition of their fine cooperation.

Joseph A. H. Dodd

WHEREAS, Mr. Joseph A. H. Dodd, First Vice-President of the National Retail Credit Association and an enthusiastic, loyal member who has earned the honor of being our President for 1947-48, has been forced to resign his office and relinquish the opportunity of serving us in our highest office, by virtue of his promotion to the position of District Manager of the Portland Gas and Coke Co.,

BE IT RESOLVED that the sincere regrets of this entire Association be expressed to Mr. Dodd upon our loss

of an honored and valued officer and associate, and our congratulations and best wishes be extended to him for continued progress and success in his new position.

Regulation W

The members of the National Retail Credit Association, in convention assembled, having agreed by affirmative vote that:

Regulation W has outlived its usefulness and served the purpose for which it was created as an emergency measure.

Permanent regulation of consumer credit by the Federal government or any of its agencies would be costly to the taxpayers, burdensome to the public, merchants and other consumer credit institutions, and contrary to the spirit of free enterprise.

No satisfactory proof has been shown that regulation of credit is an effective anti-inflationary device, or that it would be a real weapon in preventing cyclical economic booms and depressions.

The free extension of credit has been a major contributing factor toward the welfare, prosperity and high standard of living of the people of the United States.

The members of this Association are fully cognizant of the benefits of sound terms and judicious extension of credit, and have always endeavored to follow ethical practices and standards.

Now, therefore, Be It Resolved that this Association memorialize President Truman, Congress and the Federal Reserve Board to repeal at the earliest possible date the remaining provisions of Regulation W; that no legisla-

(Turn to "Conference Notes," page 27.)

625 ideas to simplify, speed up and improve your OFFICE WORK

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Every idea, every suggestion, is described in the simplest way possible.

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- 26 ideas for speeding up your typing operations

... plus hundreds of other techniques that cover such diverse phases of office activity as inventories, forms, filing, sorting, tabulating, etc.—28 sections in all. Write for your copy of this helpful book to: National Retail Credit Association, Shell Bldg., St. Louis 3, Mo.



May 21: Left on the afternoon plane of the American Airlines for Milwaukee, where I attended the Past Presidents' meeting at the Wisconsin Hotel. The chairman of the evening was Erwin Kant, Past President of the National Retail Credit Association. There was a cocktail hour, from 6:00 to 7:00, honoring the Past Presidents.

Mr. Kant covered some phase of the activities of the Milwaukee Association in the introduction of each past president, starting with the first president, Frank Genens, who was with Ed. Schuster & Co. He was National Director in 1922-23-24.

After the meeting there was the usual Milwaukee poker game. While I lost at the first table, later in the evening I joined another group and recovered my losses of about \$5.00 and finished ahead \$7.00 or \$8.00.

May 22: The Northwest Airlines plane for Seattle, scheduled to stop only at Minneapolis and Spokane, was an hour late leaving Milwaukee. We lost a little time in Minneapolis, and because of gear trouble, it was necessary to stop at Billings, where another hour was lost. Had planned to telephone N. M. MacLeod, dean of America's Bureau Managers, who is ill, but it was 10:00 P.M. when we reached Spokane—too late to disturb him. It was nearly midnight when we reached the Olympic Hotel, Seattle.

May 23: Called on E. DeWitt, Manager of the Seattle Credit Bureau, and R. T. Wright, President of the Retail Credit Association of Seattle, who is with the Metropolitan Branch, Seattle-First National Bank. While in Seattle Mr. Wright and I checked into the conference possibilities of the Olympic Hotel, in the event it was found advisable to transfer the 1948 conference from Banff to another city in District 10. Because of charges for meeting rooms and insufficient space to accommodate our general sessions and group meetings, it will not be possible to hold an annual business conference of the N.R.C.A. in Seattle.

There was some mix-up at the Olympic in mail, telegrams and telephone calls, due to the fact that three H. A. Wallaces were housed in the Olympic at the same time. One was Harold A. Wallace, Executive Vice-President of the Associated Credit Bureaus of America, the second was from Los Angeles, and the third one was former Vice-President Henry A. Wallace. A most unusual thing occurred: While at breakfast the three H. A. Wallaces were mentioned, and our waitress in the Olympic Grill stated that ten minutes before, Henry A. Wallace occupied the chair in which Harold was seated.

May 24: Attended a luncheon at the American Legion given in honor of President Harry L. Bunker, who spoke briefly. H. L. Steiner of the H. L. Steiner Organization was host.

May 25: Left by boat at 7:30 A.M. for Vancouver with a fifty minute stopover at Victoria. The picture of the Empress Hotel, Victoria, shown on this page below was taken from the boat, as we approached the dock. Arrived in Vancouver about 6:30 (7:30 Vancouver time), after a very pleasant trip. Missed Herb Barnes, General Conference Chairman and Eric Marsden, President of the Credit

Granters Association, who were at the dock to meet me.

May 26: Approximately 350 attended the annual breakfast of the Credit Women's Breakfast Club, Monday from 8:00 to 9:20 at the Vancouver Hotel. Miss Margaret Bean of Central Creameries, Ltd., President of the Vancouver Credit Women's Breakfast Club presided. An excellent address, "Women in the World of Work," was delivered by Mrs. Eleanor Morley, Supervisor, Women's Division, National Employment Service, Vancouver.

The 10th District Conference opened at 9:55 A.M., with an invocation by the Very Reverend Cecil Swanson, D.D., Dean and Rector, Christ Church Cathedral. The Honorable Wendell B. Farris, Chief Justice of the Supreme Court of British Columbia, delivered the Address of Welcome and Past National President E. K. Barnes of Spokane responded.

Journey

Of the manager
L. Steiner

An interesting and informative address was delivered by Lars Carlson of Spokane, on the subject "Building Tomorrow's Standards." Greetings were extended by N.R.C.A. President, Harry L. Bunker, Eric Marsden, President of the Canadian Credit Granters' Association, and Arthur Henning, President of the Associated Credit Bureaus of America, Sacramento. The address of Professor Ellis H. Morrow, "Handrails to Success," was an excellent one and we hope to publish it in *The CREDIT WORLD* at a later date.

The luncheon meeting was presided over by Roy Dexter, President of the Associated Credit Bureaus of the Pacific Northwest.

Group meetings, held in the afternoon, were well attended and created considerable interest.

That night there was unusual entertainment, in the form of a moonlight cruise on the S.S. Lady Alexandra. The destination was "Gagway, Alas," an amusement park an hour and fifteen minutes' cruise from Vancouver. The entertainment was at the Malemute Saloon and Hotel (a phony set-up). Each delegate was given \$30.00 in "make-believe" money with which to gamble. When it was gone, each additional \$30.00 cost \$1.00 in cash. According to the stub of the ticket, the hotel's motto was "Strangers Taken In." Klondike Kate, the Sweetheart of the Sourdough, was the night feature.

I found playing roulette and other games too expensive, and at the suggestion of Herbert Benson, Reliance Lumber Co., Tacoma, a former National Director, I took over one of the roulette wheels, relieving Herb. Between us we "cleaned up" the crowd to the extent of \$700.00 to \$800.00, for the benefit of the "house."

After returning from the cruise fourteen of us went for a midnight snack. While I don't remember all who were with us, the following were in the group: Past President and Mrs. E. K. Barnes, Spokane, Mr. and Mrs. Charles R. Smith, Olympia, Miss Avadana Cochran, Bremerton, Mrs. Carolyn Condon, Bremerton, Mrs. Alfernia Allen, Tacoma, Miss Ethel Dopp, Spokane, Mrs. Clark Malmo, Seattle and Miss Helen Sawyers, Helena, newly elected President of the Pacific North-



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Starting at 2:00 in the afternoon the business of the conference was conducted, with Wendell Sizemore, Seattle, President of District 10, in the chair. The officers elected follow: President, Herb Barnes, Vancouver Motors, Ltd., Vancouver; Vice-President, J. H. Fisher, Meier & Frank Co., Portland; Secretary-Treasurer, Thos. Downie, Retail Credit

May 30: Arranged with Don F. Becker of Becker's Bungalows for twenty-five bungalows, and possibly thirty-five, that will accommodate two, four and six persons. All bungalows have maid service, and the ones accommodating two and four persons have complete kitchenettes. They are located about three miles from the Banff Springs Hotel. Bus service will be provided for those who do not have cars.

It was the thought of the Officers and Directors of District 10 that inasmuch as the conference will be sponsored by that District, members from District 10 with automobiles would stay at Lake Louise and drive back and forth for the meetings. Left Banff at 5:30 for Calgary.

May 31: Made several calls Saturday morning. Among others, I visited F. W. Funk, Controller of the Hudson's Bay Company, formerly of Minneapolis, and a National Director in 1925-26-27. At noon Harry Schultz was host at a luncheon for twelve at the Palliser Hotel. Among others present were Mr. Funk, Gilbert N. Abbott, Hudson's Bay Company; S. T. Richardson, and Jack Snowden, British American Oil Company; J. W. Robertson, Canadian Bank of Commerce; J. A. Gibson of T. Eaton Company, Ltd., and Messrs. Dewey and Schultz of the Credit Bureau. Sorry I do not remember the names of the several others who were present, including the Credit Manager of the Sherwin Williams Company.

Left over the Trans-Canada Airlines for Lethbridge that afternoon, where I transferred to the Western Airlines for Great Falls. Reached there about 5:30. At Vancouver I suggested to Barney Murphy of Strain Brothers, Great Falls, that I would be glad to meet with a group of the credit managers that evening, inasmuch as I would be in Great Falls until nearly midnight. He was not to return to Great Falls until the following week, but contacted Virgil S. Proctor, formerly of the Great Falls Clinic and a former Director of District 10. Many of the members attending our annual conference at Milwaukee in 1944 will remember meeting Mr. Proctor who, in addition to acting as Business Manager of the Clinic, was interested in a ten thousand acre ranch, on which were one thousand head of cattle. He disposed of the ranch during the war, and although not now actively engaged in business, he manages to keep occupied all of the time. I was surprised to find that 47 reservations had been made for dinner, although it was Saturday evening. It was raining hard about dinnertime, which affected attendance, but there were 35 present and we had a very excellent meeting, which was presided over by Art Allen President of the Retail Credit Association. That evening Mr. Allen and I were guests of Mr. Proctor at the Stockmen's Club, where I took a fling at roulette. At 25c a chip it didn't take long for \$10.00 to disappear. However, on my third \$5.00 my luck changed and when we left for the airport, I was \$5.00 ahead. The weather was so bad that the plane could not stop at Great Falls, so I spent the night with Mr. and Mrs. Proctor.

June 1: After a delicious breakfast, they took me for a drive before going to the airport. Left on the Northwest Airlines shortly after noon for Minneapolis. It was necessary to spend the night there and I was fortunate in getting a room at the Curtis Hotel, where I usually stay. It was not possible to get out on the early morning plane, but I did leave on the 11:30 plane, which put me in St. Louis Monday evening, June 2, about six o'clock. ★★★

All groups met from 2:45 to 4:00, following which there was an open forum from 4:00 to 5:00, presided over by C. R. M. Gale of David Spencer, Ltd., Honorary President of the Vancouver Association. I was invited to attend the meeting of the Board of Directors of District 10, N.R.C.A., from 5:00 to 6:00.

From 6:00 to 7:00 there was a social hour in the Hotel Vancouver lounge and the annual banquet was at 7:00 in the Banquet Room, Hotel Vancouver with Harold A. Bell and Herb Barnes acting as chairmen. There was a floor show and dancing from 9:30 to 1:00 A.M.

May 28: Attended the Collection Service Division meeting from 9:00 A.M. until noon, and the luncheon of the group. The chairman of the meeting was H. D. McGinty, Manager, Credit Service Co., Inc., Great Falls, Montana.

That afternoon I attended the business session of the Associated Credit Bureaus of the Pacific Northwest, of which Roy R. Dexter of Vancouver, Washington, was chairman.

Following adjournment at 4:00, it was my privilege to attend the meeting of the Board of Directors of the Credit Bureaus of the Pacific Northwest (District 8 of the A.C.B. of A.) Breakfast Clubbers will be pleased to learn that Miss Avadana Cochran, Credit Bureau of Kitsap County, Bremerton is the newly elected President.

At 7:30 that evening I left, over the Canadian Pacific Railroad, for Banff, where I arrived about five o'clock Thursday afternoon, May 29. Regardless of the number of trips made through the Canadian Rockies, one never tires of the scenery. Was met at Banff by Harry Schultz of Calgary. That evening we checked the facilities of the Banff Springs Hotel and conferred with the Manager, R. A. Mackie. It will be possible to house a maximum of 900 delegates, and arrangements were made with the Mount

CREDIT FLASHES

Kamloops Breakfast Club Organized

A meeting at which a Credit Women's Breakfast Club was organized in Kamloops, B. C., late in April of this year, was high-lighted by the arrival of two planes carrying six members of the Chilliwack Credit Women's Breakfast Club.

The six visitors (shown below, left to right, with Earl Brett) were Clarice Brooks, Doris Bryenton, Audrey Hawkins, Ella Fowler, Alice Johnson and Sara MacGregor. They traveled in planes owned and piloted by Mr. Brett and Jerry Pringle, Chilliwack businessmen. Mr. Brett, president of Brett's Ltd. and a veteran pilot, brought three of the young women in his Seabee plane. Mr. Pringle, manager of Pringle Electric Hatcheries, flew the others in his Tinson Voyager. Both men fly extensively in connection with their business operations.

Already on the scene at Kamloops were: Walter Jensen, Field Secretary, Tenth District; Herb Barnes, Vice-President, Tenth District N. R. C. A., conference chairman, 26th Retail Credit Conference, Pacific Northwest, Vancouver; and Thomas Downie, Secretary-Treasurer, Tenth District, N. R. C. A.

At a joint meeting of members of Kamloops Retail Credit Grantors' Association and employees interested in forming a Breakfast Club, Miss Bryenton outlined "How Breakfast Clubs Began" and Miss Hawkins spoke on "What Breakfast Clubs Can Do for You." The women present then held a separate meeting, at which Miss Fowler explained Breakfast Club organization. The Chilliwack visitors performed a pin ritual, consisting of assembling the parts of an emblem which is incorporated in the pin worn by members of the Credit Women's Breakfast Clubs of North America. Discussion and questions followed, with a unanimous decision to organize, and the following officers were named: President, Cleone Mix; Vice-President, Joan Hasler; Recording Secretary, Shelagh O'Laughlin; Secretary-Treasurer, Pat Marini; and Historian, Helen Jardine. The club has 24 charter members.



Kamloops Credit Association Organized

The Kamloops & District Credit Granters' Association was organized on February 28 in Kamloops, British Columbia, by a group of 40 retail merchants. Kamloops had already experienced some of the advantages of a credit bureau, as G. M. (Tony) Greer had established Interior Credit Granters Ltd. in May, 1946, on his return from war service. The meeting at which the Association was formed was largely due to Mr. Greer's efforts.

The Association has a membership of 68 firms. Every member of the local bureau automatically becomes a member of the National Retail Credit Association and of the Credit Granters' Association of Canada. A list of officers and directors was given on page 30 of the June CREDIT WORLD.

James C. Deremo

James C. Deremo, Grand Rapids, Mich., a leader in the development of credit bureau and collection office advertising media, died on May 6. He was Executive Secretary of the Merchants' Service Bureau, which is unique in offering 24-hour service to its professional members through its professional exchange, and Secretary-Treasurer of the Associated Credit Bureaus of Michigan, Inc. We extend our deepest sympathy to Mr. Deremo's family and friends.

Buffalo Association Reorganizes

Recently elected officers of the Retail Credit Association of Buffalo, N. Y., are: President, Walter E. Simpson, Sears, Roebuck & Co.; First Vice-President, William A. Foote, The Texas Company; Second Vice-President, Mrs. Emily Mospaw, E. W. Edwards & Son; Secretary, Harland C. Bush, Retail Merchants Association; and Treasurer, Ashford G. P. Murch, Manufacturing & Traders Trust Co.

The Association was organized February 11, 1947, at the Sheraton Hotel in Buffalo. The meeting was attended by 35 credit executives, representing the leading retailers and banks of Buffalo and the trade area. At the next meeting, held March 11, nine directors were elected. Besides the officers listed above, they include: Frederick E. Camin, Adam, Meldrum & Anderson Co.; Francis J. Fitzpatrick, J. N. Adam & Co.; Edward A. Hartung, Kobler & Miller; and Harold P. Hatch, Frontier Oil.

The annual meeting date was set as the second Tuesday in March. The Association has 43 regular and three associate members, all members of the National Association.

"Hole in One" for C. G. Kaessner

On May 11, 1947, C. G. Kaessner, Credit Manager, Kaufmann Department Stores, Pittsburgh, Pa., made a "Hole in One" at South Park, Pittsburgh. He used a number five iron on the 148 yard number eight hole. We congratulate him on this achievement and hope that soon again he may enjoy the thrill that comes with such an experience.

Annual Spring Party at New Haven

The New Haven Retail Credit Association, New Haven, Conn., held its annual spring dinner party May 28 as a smorgasbord and dance. Olive Johnson was general chairman, assisted by the following committees: Arrangement, Connie Marra, Richard Esposito, Norman Dym, John Loeb; refreshments, Richard Esposito, Henry Trenner; decoration, Norman Dym; finance, Teresa Falcigno, George Kipperman; tickets, Mary Hogan, Julia Fracasso, Sara Fromer, Henry Trenner, Sadie Gooffney, Sam Emson, Connie Marra, Jean Friedman, John Loeb, Norman Dym, Susan Lind, Ben R. Lydick, Richard Esposito; publicity, Ben R. Lydick, Susan Lind, and John Loeb. The gathering was entertained by Ingeborg Lind and her company, who presented in costume Swedish dancing and folk-songs of Sweden.

Positions Wanted

To lease or manage Credit Bureau in town with population of 25,000 or higher. Have had four years' experience in credit reporting and allied lines. Box 773, The CREDIT WORLD.

Credit Manager desires location in Middle West or Denver area, due to illness of wife. In credit field since 1935. University graduate, now Credit Manager of firm with over quarter-million dollars outstanding accounts receivable. Complete résumé forwarded upon request. Box 777, The CREDIT WORLD.

For Sale

120 Index Visible 24" x 6" Aluminum Panels, straight hooks, good condition; eight Library Bureau Ledger Trays for 8 x 10 cards, 25" long. Box 774, The CREDIT WORLD.

Well-established Credit Bureau in a prosperous Oklahoma city of 20,000, with trade area of 130,000. Unlimited opportunity for expansion. Owner wishes to retire. Box 772, The CREDIT WORLD.

Retail business selling men's and women's clothing on budget, charge and cash basis. Same ownership for over forty years. Showing a good net profit and operating three stores in a large Ontario city. Retirement only season for selling. Accounts receivable low in comparison to volume. Grand opportunity for right man. Principals only. Box 775, The CREDIT WORLD.

Help Wanted

Department Store Credit Manager, city of 50,000. Must have background promotional credit work. State age, experience, references. The Newman Mercantile Company, Joplin, Missouri.

Collection Manager, Mid-Western Bureau in city over 100,000. Desire man who is a "go-getter" for manager of Collection Department. Good opportunity for man who can secure new business and assume responsibility. Submit complete application, references, remuneration desired in first letter. Box 771, The CREDIT WORLD.

ACCOUNTANT-CREDIT MANAGER for established business in Southwestern city. Offers excellent position for man who is experienced all around department store accountant-office and credit manager. Give previous positions, earnings, education, age and references. Confidential. Box 776, The CREDIT WORLD.

The Book Shelf

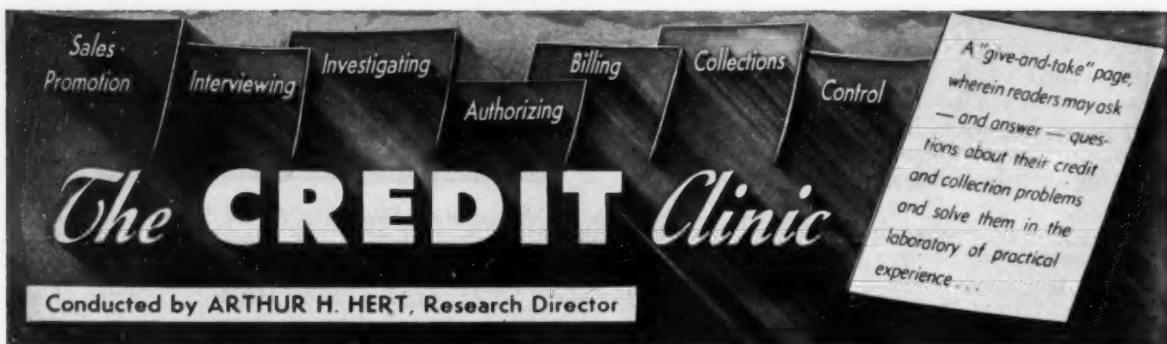
Manual of Practical Office Short Cuts by The National Office Management Association (McGraw-Hill Book Company, Inc., 330 West 42nd St., New York, N. Y., 272 pages, \$3.50.) Here is a collection of 625 practices and procedures for streamlining office routine. Ideas are given for short cuts in accounting, billing, book-keeping, credit, communications, filing, mail, payroll, reports, supplies, typing, and various other details of office work. The National Office Management Association organized a committee two years ago with representatives in each chapter of the Association, for the purpose of finding or developing means for simplifying office work. One of the committee's projects was gathering practical office short cuts from NOMA members, which are published in this manual. In addition, the committee prepared and put on the road two traveling displays of short cuts, many of which also appear here.



A Twentieth Century Congress by Congressman Estes Kefauver and Dr. Jack Levin (Duell, Sloan & Pearce, Inc., 270 Madison Ave., New York 16, N. Y., 236 pages, \$3.00.) In a nation which is determined to preserve a representative form of government, the admitted flaws in our national legislature are a matter of deep concern. This book, written by a member of Congress in collaboration with a governmental economic consultant, examines the faults of Congress and offers suggestions for adapting it to meet present-day needs more effectively. Robert M. LaFollette, Jr., writes in the foreword: "Representative Kefauver and Dr. Levin here make a valuable contribution to public understanding of the organization and operation of Congress. Informed by personal experience and inspired by a conscientious concern for good government, they present an authentic view of the machinery of our national legislature with constructive ideas for its improvement."



The Twelve Rules for Straight Thinking by William J. Reilly (Harper & Brothers, 49 East 33rd Street, New York, N. Y., 131 pages.) This book explains, in a clear and interesting form, a scientific approach to thinking through a problem and reaching the right conclusions. It describes faulty mental attitudes and gives positive steps for the development of creative thinking, as applied to both business and personal problems. Dr. Reilly, the author, is founder and director of the National Institute for Straight Thinking. He has written numerous books dealing with sound mental attitudes and mental habits. Portions of the material in "The Twelve Rules for Straight Thinking" are taken from two earlier books by Dr. Reilly, "Straight Thinking," and "How to Use Your Head." Their success inspired the combination of their basic material, revised and brought up to date, in one volume, which should be of interest to businessmen, educators, parents, students, or anyone else who wishes to improve his thinking.



(Continued from the June CREDIT WORLD.)

The Question

When merchandise is marked net cash, the account is payable in 30 days. If purchased on the deferred payment plan, one-half per cent a month carrying charge is added. The problem is: A great many of our regular 30-day charge customers notify our credit department that they will pay for this merchandise in 30 days, however, they usually take from 60 to 90 days. How are other stores handling this problem?

The Replies

Denver, Colorado: On large purchases, as rugs, furniture, radios, refrigerators, etc., we contact the customer by phone or letter. We have found that by doing this we discover in many cases they wish to pay in a longer period of time than 30 days. If such is the case, we place the purchase on a Budget account, secure a down payment and have a contract signed. Where more than 90 days is taken, a carrying charge of one-half of one per cent is added.

Springfield, Massachusetts: We permit customers to pay for large items within 60 days, on their regular charge accounts. If they do not pay according to terms, the account comes to the attention of the collection department. We charge 6 per cent interest on overdue accounts regardless of the type of purchase.

Tacoma, Washington: We consider that 30-day purchases are due the tenth of the month following date of purchase. If no payment has been made by the tenth of the second month, we notify the customer that the account is overdue. We do not add a carrying charge if satisfactory partial payment is made the first and second months, and payment is completed the third month. In making up installment charge contracts we add one-half of one per cent a month carrying charge at time of purchase for the length of time the account is to run. If the account is paid in full within 90 days the carrying charge is rebated. It has been the custom in Tacoma for many years to waive carrying charges if full payment is made within 90 days. If the account runs for four months, a carrying charge is added for the four months.

Vancouver, British Columbia: It is presumed that your enquiry refers to the exceptional purchase of a larger amount that is charged to a monthly account and which ordinarily would be sold on the Deferred Payment

plan and subject to carrying charge. If the final payment was delayed until 90 days, we would not be concerned about carrying charge, as this charge is subject to cancellation on any contract if paid within 90 days from the date of purchase.

Victoria, B. C., Canada: The problem has not arisen with us, as it is not our practice to mark our merchandise at other than the retail price which has been established. Trade discounts only are given, and it is always pointed out on our statements that no discounts will be allowed after 30 days. We do not, however, add any carrying charges up to 90 days, as after 30 days the customer would have forfeited the discount.

Wichita Falls, Texas: If the carrying charge is explained to the customer at the time of purchase, and the account is not paid for 60 or 90 days, the charge should be added when the statement is mailed.

The Questions

What are other stores doing to improve the service in their authorization department?

What new methods are being used to speed up the service at cashiers' windows?

The Replies

Boston, Massachusetts: To help speed up authorization, we have increased our floor release limit (with the Charge-Plate) from \$10 to \$25. This was done as soon as Regulation W was lifted and is in effect in our ten stores.

To speed up cashier service, we have designed a payment receipt form which can be used in the Charge-Plate addressing machine, thus saving the time taken previously to write the name and address on each slip.

Chicago, Illinois: We are making a study now of Charge Authorization in order to improve our service. We are contemplating Telephone Charge Authorization with the thought in mind of eliminating negative authorizing.

Regarding the second question, we have had no problem insofar as service at the cashiers' windows is concerned; but this, also, is being given further consideration for improvement.

Cleveland, Ohio: We average approximately 8,000 active accounts monthly. The authorization is accomplished through a National Cash Register Phone Sys-

tem from each store department to the central office where reference is made directly to the ledgers. The ledgers, in binders, are now located on either side of the phone board and operator can make ready reference to them. Another girl is available to help out during rush periods. We have since made available, as needed, another girl to handle "refers" in case of "cannot locate," wrong spelling or addresses, which has speeded up authorization and lessened the holding period. Releases are allowed on purchases up to \$10 on all charges whether account is located or not, which has helped materially on small "take-with" purchases.

We have one cashier's window on the first floor of the store which is receiving all payments on accounts. All these payments are written up in a book, which takes time. The store has recently purchased a National Cash Register which will record the receipt of payment on the customer's statement. This will immeasurably speed up service at cashier's window. This improvement has been felt to be necessary with the increase of credit business. Plans are in the making to speed up authorization further but cannot be accomplished this year.

★ ★ ★
Indianapolis, Indiana: We use the Charga-Plate with a floor limit of \$10, and all other charges are authorized.

Nothing particularly new on speeding up service at cashiers' windows, but for some time we have used National Cash Registers, American Check Endorser, and Brandt Automatic Cashiers.

★ ★ ★
Joplin, Missouri: We are trying to be more alert and placing the customer first above everything else. When a new account is opened, a card is placed in the authorization file immediately, in order that the customer's first charges will not be held up.

Our cashiers all have something to do besides the regular cashier work, but we insist that the customer be given the first consideration.

★ ★ ★
Kansas City, Missouri: There is not a great deal that we could do to improve the service in our authorization department. We have the most modern authorization filing equipment. We authorize all charges on the floor up to \$5 where a Charga-Plate has not been used, and we authorize on the floor all charges up to \$10 when a Charga-Plate has been used. This means that the customer gets immediate service on a very large percentage of our credit sales checks. We use the Lamson Tube System.

We enclose a self-addressed envelope with all our statements, and this causes better than 98 per cent of our accounts that are paid by mail to be proved by the cashiers without having to be written up, because the statement heads were received along with the check. When a customer pays an account at the window, a statement head is also used if she brings the entire statement with her, and the lower half is stamped and returned to her for her receipt. We are planning to install a box on the outside of our cashier's cage and probably on the first floor for the customers to drop their payments in when they have the full statement and a check. Of course, these must be enclosed in an envelope. Envelopes will be available at the box. I know that many stores operate on this or a similar pattern.

Knoxville, Tennessee: Possibly the outstanding improvement that we are making in our authorization system is the installation of Charga-Plate. We feel that this will improve our service considerably, as we have not made any extensive additions to our charge account facilities in 15 years, although our store has grown considerably during this period.

Regarding our cashier service, we have installed a National Cash Register Window Payment Machine for our lay-by, installment and C.O.D. accounts. We are considering mechanizing our cashier service by putting Pay Bill Machines at our regular cashier windows. We are also giving some consideration to placing a cashier in a convenient place on our main sales floor to make it more convenient for the customer to pay. We have successfully used small boxes, located throughout our store, in which customers may drop their checks without coming to the office. We pick up these checks several times a day and mail receipts to customers if requested. We are also giving consideration to special windows for cashing of checks only.

★ ★ ★
Long Beach, California: We authorize by telephone all charges where the customers do not use the Charga-Plate, and, where the amount of the purchases exceeds \$10.25, with the use of the Charga-Plate. The speed of this service is watched very closely so that there is no delay in obtaining the approval. The floormen are instructed to call the Credit Manager or Assistant Manager if there is any delay. The use of the Charga-Plate saves considerable time both for our customers and our salespeople.

Many customers who pay at our cashier's window do not wish a receipt as they are paying by check. A small drop box is to be provided near the cashier's windows with unsealed envelopes so that customers can place their payment in an envelope, seal it and drop it in the small drop box. A similar drop box is to be provided near the service desk on the first floor. Our cashiers always ask the customers for their Charga-Plate. When a receipt is to be written, a Charga-Plate is used for placing the name and address on the receipt. The cashier fills in the amount and date, and initials the receipt in duplicate, retaining the original for our Bookkeeping Department, giving the customer the duplicate.

★ ★ ★
Memphis, Tennessee: Since we have adopted Charga-Plate, floor deliveries are made up to \$10. We are now preparing to go on Cycle Billing and feel that this will speed up authorizing.

The Charga-Plate has helped speed up service at cashier's windows.

★ ★ ★
Milwaukee, Wisconsin: Everything over \$3 is pre-authorized over the charge board without the Charga-Plate. Everything over \$10 with Charga-Plate is pre-authorized. The charge board, where the accounts are filed in numerical order and operated by two girls, services 300 telephones from our three stores.

We have enough windows at the cashier's office to handle our customers quickly and efficiently. At the peak hour of the day, from 4:30 to 5:30, when the cashing of pay roll checks requires the most attention, there are extra people ready to be used at the windows.

(To be continued next month.)

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD, Educational Director, National Retail Credit Association

IN THESE busy times a lot of us overlook the occasional "Thank you" that injects the human quality into business. True enough, we're busy, and a brief note of appreciation to customers requires a moment or two of our time. But for that very reason such a note pays excellent dividends on the time and effort that go into it. The customer who receives the message is pleased to find that he is something more than a name on the company books—that he is important enough to receive individual recognition.

The friendly tone of the appreciation letter is exemplified by the following message from Miss Mary Ellen Clancy, New York, to regular clients of her letter service:

Dear Mr. Ballard:

How many of us stop to say "Thank you" in the usual rush of a busy day? Not many, I'm afraid. Most of us really intend to, but we're too busy to say it.

This morning I said "Thank you" to the elevator operator, and he was so surprised he seemed to question my mental balance. But when he saw I really meant it, his face beamed. He probably felt that his "ups and downs" were really being appreciated.

You, too, are doing something that is appreciated, and I am taking these few moments to thank you personally for the work you have given us.

We're happy to serve you with each new job, and if a "Thank you" isn't immediately forthcoming, you can be sure it's on the way.

Sincerely yours,

Another timely thanks-for-patronage letter is reproduced in *Illustration No. 1* on the next page.

Persons who always pay their bills promptly likewise qualify for a few words of appreciation now and then. An excellent example of such a letter is shown in *Illustration No. 2*.

The Christmas holiday season is an ideal time to thank "prompt-pay" customers for their co-operation. The seasonal tie-up is utilized effectively in the following letter, which has built a lot of good will for Lit Brothers, Philadelphia, Pennsylvania:

Dear Mrs. Barlowe:

At this season of the year, with Christmas only a few days off and 194—just around the corner, we pause to send you a message of appreciation.

Month after month, year after year, your account has been paid with prompt regularity. Such an account is the pride of any credit department, and we are grateful for your fine co-operation.

Before the holiday season passes, we want to say **THANK YOU** in great big capital letters.

Sincerely yours,

The opening of each new charge account provides another appropriate occasion for a "thank-you" note. The following letter creates cordial relations with new credit patrons of Russek's, Detroit, Michigan:

This month's commentary is adapted from the author's article, "Have You Said 'Thank You' by Letter Lately?" which appeared originally in *Printers' Ink*. It is presented here through the courtesy of the Printers' Ink Publishing Co., Inc., New York, N. Y.

Dear Mrs. James:

The personal charge account you have just opened here is an indication of your confidence in us, which we shall make every effort to deserve.

It is our aim to make Russek's a most pleasant, helpful store in which to shop, and we shall welcome any suggestion you may offer toward bettering that service.

The opportunity to serve you is much appreciated, and we pledge our earnest efforts to please you.

Sincerely yours,

Some firms prefer to wait until new charge customers use their accounts, and then express appreciation for the first credit purchase. *Illustration No. 3* shows a splendid letter used for this purpose.

When the charge account of an old patron has been inactive for several months, its renewed use presents an opportunity for a note of thanks to the customer. Here is a fine example of such a letter used by The Wm. Taylor Son & Company, Cleveland, Ohio:

Dear Mrs. Whitaker:

The return of a good friend is as pleasant an occasion in business as it is in one's private life.

Your recent purchase was the first to be charged to your account for a considerable time; and we are happy to welcome you again to Taylor's, and to thank you for your patronage.

It is our purpose to serve you so well that you will enjoy shopping here regularly. Any suggestions you may have will be most welcome.

Sincerely yours,

Sometimes the enthusiastic recommendation of a regular patron brings a new customer to the store. When the identity of the old patron is known, this person should receive a note of thanks for the good word he has spoken. An effective letter for this purpose is shown in *Illustration No. 4*.

Now and then, when a customer is the victim of an error, his patience and co-operation earn him an expression of thanks. The following letter makes the most of such an instance as an opportunity to build good will:

Dear Mr. Gardner:

Try as we will to make our operating efficiency one hundred per cent, an exception occurs every now and then. "The human factor," someone has called it—that inevitable fraction between one's best efforts and the goal of perfection.

A slip-up occurred the other day on an item concerning your account, and we sincerely appreciate your calling it to our attention. More than that, we thank you for your friendly spirit of understanding and co-operation.

You may be sure of our constant efforts to serve you in a way that deserves your patronage and your confidence in us.

Sincerely yours,

At this very moment some of your customers probably deserve an expression of your thanks. What about those who have stayed with you loyally for several years?—those who have never made you wait for your money? *One good way to hold their friendship is to say a sincere "Thank you" now and then.* ★★★



J. J. STANGEL HARDWARE COMPANY
DISTRIBUTORS

TEL. 3303

BRANCHES
MODERN AUTO PARTS CO., SHEBOYGAN
J. J. STANGEL HOME CO., STURGEON BAY

HARDWARE-INDUSTRIAL-AUTOMOTIVE

EIGHTH AT QUAY
MANITOWOC, WIS.

May 20, 1947

①

Mr. W. L. Sanders
1734 Wisconsin Avenue
Manitowoc, Wisconsin

Dear Mr. Sanders:

Every day we write letters asking for this and for that, but this letter asks only that you accept our sincere thanks for the business you have given us.

We hope you have been fully satisfied with the three primary functions we perform -- service, quality, and price. Your suggestions or criticisms will be most welcome, and they will be given interested attention.

Please let us serve you again soon.

Sincerely yours,

J. J. STANGEL HARDWARE CO.

Joseph F. Zimmer

Joseph F. Zimmer
Mr. Credits & Collections

SS



Bromberg & Co.
JEWELERS AND SILVERSMITHS

20TH STREET AT 2ND AVE. BIRMINGHAM 3, ALABAMA
June 5 1947

③

Mrs. Harold A. Clarke
2306 Anniston Avenue
Birmingham, Alabama

Dear Mrs. Clarke:

Thank you for the charge purchase you made at Bromberg's the other day, marking the first use of your new account. We appreciated the opportunity to serve you.

You will find us sincerely interested in your continued satisfaction with all your purchases here. We hope to deserve your reliance upon Bromberg's for things of quality and distinction.

Since many interesting pieces are being received from day to day, you will enjoy an occasional visit. Even your most casual one will be welcomed.

Thank you again for the opportunity to serve you as a charge patron.

Cordially yours,

T. A. Nickel

T. A. Nickel
Credit Manager

THE CAIN-SLOAN COMPANY



NASHVILLE - TENNESSEE

CREDIT DEPARTMENT

May 15, 1947

②

Mrs. Henry S. Parkman
2240 Hillcrest Avenue
Nashville, Tennessee

Dear Mrs. Parkman:

Your consistent promptness in meeting your obligations has earned you something valuable -- an excellent credit record -- one of which you may well be proud.

It is true that in many credit departments accounts like yours go unnoticed and seemingly unappreciated. Those who are slow in paying their bills get most of the attention. This should not be so.

Please consider this letter an expression of our sincere thanks for the splendid way you have handled your Cain-Sloan account.

We look forward to further opportunities to serve you as a charge customer.

Cordially yours
THE CAIN-SLOAN COMPANY

H. L. Reagan

H. L. REAGAN
Credit Manager

HLR:cr

A CAIN-SLOAN CHARGE ACCOUNT IS A MARK OF DISTINCTION



The Young-Quinlan Co.
ATTIRE FOR GENTLEMEN
MINNEAPOLIS

④

June 2, 1947

Mrs. Ralph J. Miller
828 Northwest Avenue
Minneapolis 19, Minnesota

Dear Mrs. Miller:

Your courtesy in recommending The Young-Quinlan Company to Mrs. Fred Bryson is sincerely appreciated.

Thank you for the spirit of friendliness on your part that led you to speak a good word for us. You may be sure of our continued effort to be deserving of your confidence.

Yours sincerely,

H. W. Hoklas

H. W. Hoklas
Credit Manager

HW:it

Collection Scoreboard

Compiled by the Research Division

May, 1947

May, 1946

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1947			1946			1947			1946			1947			1946			1947			1946		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	51.2	54.8	47.9	56.6	70.1	46.4	29.6	37.4	22.0	33.2	48.0	24.0	48.5	54.2	42.3	55.2	58.5	51.0	—	49.5	—	—	54.7	—
Birmingham, Ala.	54.7	63.7	45.6	60.0	67.5	52.6	33.7	42.3	27.3	39.6	48.9	28.6	50.3	55.5	47.0	51.7	57.1	48.0	58.7	61.4	54.2	69.7	72.1	68.4
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	66.8	88.2	66.4	74.3	87.0	67.2	—	26.6	—	—	32.7	—	—	—	—	—	—	—	79.0	79.5	78.4	89.9	98.0	81.8
Cincinnati, Ohio	59.0	67.8	46.8	66.3	73.5	55.3	25.7	33.6	18.0	30.4	41.4	22.8	60.7	62.5	59.0	63.1	63.4	62.8	60.6	66.1	55.2	72.9	74.4	71.5
Cleveland, Ohio	51.8	60.2	47.3	60.2	71.0	55.4	34.2	36.0	29.0	41.9	42.8	31.5	—	57.0	—	—	40.0	—	70.3	94.7	46.6	72.0	103.4	48.9
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	55.9	60.9	51.2	65.6	86.6	60.2	31.6	35.7	21.3	31.8	31.9	28.1	58.7	60.9	56.5	65.0	65.6	64.4	—	—	—	—	—	—
Des Moines, Ia.	59.8	59.9	59.7	67.2	67.6	66.8	—	29.7	—	—	33.0	—	58.8	69.3	51.3	65.1	72.4	63.4	68.3	71.7	65.0	77.7	82.4	72.9
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	—	69.0	—	—	70.0	—	26.0	28.0	24.0	33.2	37.0	29.4	66.9	73.6	52.8	71.1	84.0	64.4	66.9	73.6	52.8	71.1	84.0	64.4
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	61.6	65.8	59.7	73.3	93.8	72.0	39.9	40.0	28.1	—	—	—	70.7	85.9	61.8	82.0	95.8	72.8	59.0	63.4	46.4	60.5	69.7	51.3
Louisville, Ky.	53.7	54.3	53.0	61.0	63.4	58.6	27.7	33.7	21.7	32.7	42.6	22.9	50.0	51.0	49.1	60.3	65.4	55.3	57.7	66.1	51.6	72.8	87.9	60.0
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	69.1	75.8	60.6	76.1	81.2	70.0	36.1	46.7	29.1	46.8	53.3	36.4	64.9	67.0	52.8	80.1	81.6	78.6	67.7	77.8	63.0	74.2	80.2	70.1
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	58.9	73.1	48.2	62.8	78.1	53.6	22.9	38.8	21.7	25.1	43.6	21.8	47.1	49.8	35.4	51.2	58.2	40.5	—	—	—	—	—	—
Oakland, Calif.	64.5	65.9	58.4	71.3	73.4	68.2	31.1	49.6	27.0	33.8	48.5	32.0	49.6	55.5	43.7	58.7	65.1	52.4	61.8	62.8	42.0	65.7	66.3	52.5
Omaha, Neb.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	53.5	61.3	50.0	56.0	65.0	51.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	63.1	64.8	61.2	74.0	78.9	70.2	35.6	42.8	38.0	38.6	43.9	34.7	52.1	56.5	47.8	60.5	65.2	55.4	61.5	67.8	57.7	72.2	74.4	63.2
Salt Lake City, Utah	74.2	81.0	64.9	84.4	90.3	76.5	32.6	34.9	28.2	32.7	34.0	31.4	—	64.0	—	—	77.8	—	—	—	—	—	—	—
San Francisco, Calif.	55.5	66.5	41.2	60.9	71.6	48.4	37.8	42.3	37.8	35.3	54.5	31.4	48.0	54.0	44.1	41.4	55.8	41.2	56.7	61.8	45.5	60.2	68.2	53.9
Santa Barbara, Calif.	64.5	69.5	56.0	—	—	—	—	—	—	—	—	—	70.6	72.3	69.0	—	—	—	73.7	76.0	71.4	—	—	—
Sioux City, Ia.	66.4	70.3	62.3	51.4	73.7	29.2	—	31.5	—	—	31.3	—	—	47.0	—	—	—	—	67.6	71.9	63.3	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	54.6	70.3	39.6	69.9	75.7	65.7	40.0	54.0	26.4	40.7	55.2	27.4	—	73.2	—	—	73.6	—	—	64.8	—	—	69.1	—
Toledo, Ohio	58.6	60.4	52.4	62.0	64.2	60.6	30.0	31.1	23.4	29.6	29.7	23.4	56.1	56.5	49.0	57.8	58.3	57.2	51.3	52.7	50.0	56.8	58.7	55.0
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	49.5	54.1	46.6	54.5	60.0	49.0	26.0	26.9	25.2	27.1	31.5	23.8	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	54.4	58.2	50.7	56.9	57.0	56.8	37.3	50.3	24.4	43.5	47.0	30.1	53.0	58.0	48.1	57.8	72.0	43.6	—	—	—	—	—	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	84.5	—	—	71.2	—	—	33.4	—	—	38.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	74.8	78.4	71.3	80.5	91.3	69.8	38.1	39.5	36.7	46.2	46.9	45.5	—	—	—	—	—	—	—	—	—	—	—	—

THE PROCEEDINGS of the Department Store Group, Cycle Billing Forum and Credit Clinic of the 33rd Annual Business Conference of the Association, held in St. Louis June 16-19, 1947, are now being transcribed. They will be available in mimeographed form. The Credit Clinic, under the chairmanship of Ted W. Walters, The Bank of Ohio, Cleveland, consisted of a panel of 16 experts in nine different phases of business, and covered 70 questions on ten different subjects. The Department Store Group, under the chairmanship of Urban Morf, O'Connor, Moffatt and Co., San Francisco, held two sessions at which the members requested

answers to a list of 115 prepared questions on ten subjects. The Cycle Billing Forum, under the chairmanship of Dean Ashby, J. L. Brandeis and Sons, Omaha, and a panel of four well-known credit executives, was an overflow meeting, and those in attendance requested answers to 70 prepared questions on ten subjects. The proceedings of these three important features of our program are an exact transcript of the discussions. They will be available at \$3.00 per copy, and, as the supply will be limited, we suggest that you place your order now.

A. H. Hert

Monthly CREDIT STATISTICS



CONSUMER CREDIT outstanding at the end of April is estimated at 10,256 million dollars, the highest level on record. The April increase amounted to 207 million dollars and resulted, in large part, from gains in instalment indebtedness.

Instalment loans outstanding increased almost 4 per cent in April and continued nearly two-thirds larger than a year earlier.

Instalment credit outstanding on automobile sales rose 9 per cent further in April to more than three-quarters of a billion dollars. Other instalment sale credit outstanding was 5 per cent larger than at the end of March and considerably above the year-ago level.

Charge accounts receivable showed little change in April. At the end of the month they were 30 per cent above the amount outstanding on April 30, 1946.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	DEPARTMENT STORES
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
June	31	24	28	30	63
December	36	23	39	49	61
1945					
June	32	23	43	33	64
December	36	24	48	46	61
1946					
June	33	26	55	32	60
December	35	26	47	44	54
1947					
January	29	23	47	26	52
February	28	21	42	25	51
March	32	25	44	27	56
April	29	24	45	25	54

¹Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	409	619	313	120	284
1942	1,012	254	391	130	77	160
1943	941	174	271	29	66	101
1944						
June	515	138	237	15	44	81
December	635	184	269	13	70	100
1945						
June	532	151	237	11	49	84
December	676	198	283	14	74	107
1946						
June	699	210	299	17	63	110
December	1,015	338	366	28	123	160
1947						
January	985	337	352	27	114	155
February	978	338	349	30	107	154
March	1,002	356	354	29	105	158
April	1,052	381	366	32	107	166

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—June	63	3	34
December	64	4	32
1945—June	63	3	34
December	64	4	32
1946—June	59	4	37
December	57	5	38
1947—January	57	6	37
February	56	6	38
March	56	6	38
April	55	6	39

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALLMENT CREDIT	INSTALLMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941-----	9,899	5,924	3,744	1,942	1,802	2,180	1,601	1,764	610
1942-----	6,485	2,955	1,491	482	1,009	1,464	1,369	1,513	648
1943-----	5,338	1,961	814	175	639	1,147	1,192	1,498	687
1944-----									
January-----	4,988	1,857	742	169	573	1,115	1,145	1,294	692
June-----	5,168	1,840	706	192	514	1,134	1,242	1,370	716
December-----	5,777	2,039	835	200	635	1,204	1,251	1,758	729
1945-----									
January-----	5,486	1,972	777	192	585	1,195	1,246	1,534	734
June-----	5,697	1,987	719	188	531	1,268	1,420	1,544	746
December-----	6,734	2,365	903	227	676	1,462	1,616	1,981	772
1946-----									
January-----	6,505	2,363	877	235	642	1,486	1,659	1,701	782
June-----	7,762	2,906	1,035	336	699	1,873	1,697	2,327	830
December-----	9,959	3,886	1,559	544	1,015	2,427	2,055	3,054	864
1947-----									
January-----	9,783	4,061	1,560	581	985	2,495	2,089	2,764	869
February-----	9,728	4,172	1,609	631	978	2,563	2,080	2,602	874
March-----	10,049	4,343	1,693	691	1,002	2,650	2,062	2,768	876
April-----	10,256	4,533	1,805	753	1,052	2,748	2,049	2,782	872

Business Conditions and Outlook

● Business Activity Remains Higher Than Last Year ●

VOLUME OF TRADE and business activity has been holding up well, although conditions in some industries and in some communities have become somewhat spotty. Throughout most of the country, trade has been running from 10 to 15 per cent higher than it was a year ago, but in some of the major industrial centers it has begun to lag. The general average, as measured by total financial transactions, is about 3 per cent higher than last year and the spread between the two years is steadily narrowing. This temporary stability is being achieved at a level far higher than that of the prewar years. Both larger physical volume and higher prices account for this difference.

THE MOST STRIKING variations are those between the industrial regions in the East and the agricultural sections of the country. In some farming districts trade is flourishing at rates close to 20 per cent higher than in the early part of last year. There the enormous demand for farm products from domestic consumers and for shipment abroad is keeping prices high and is stimulating trade of all kinds. Even the unfavorable weather which interfered with the planting and starting of crops has had as yet no adverse effect.

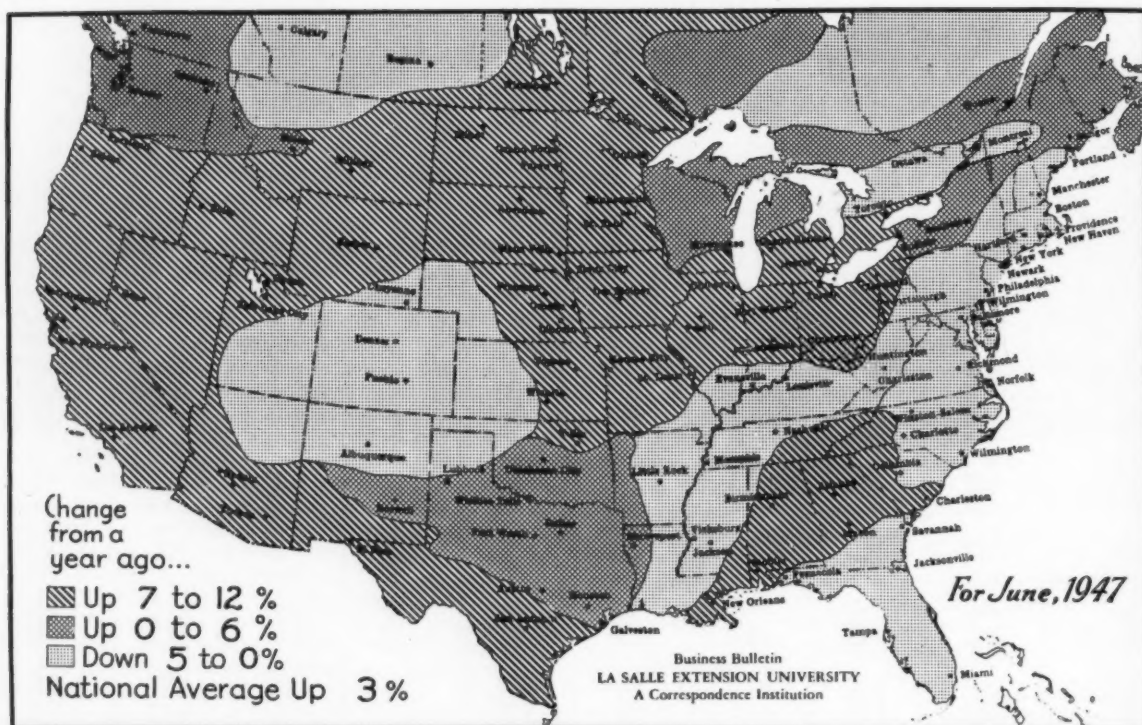
IN THE INDUSTRIAL region around the Great Lakes business has also been maintained at almost the high levels of the agricultural regions. The most important factor in this good showing has been the high rate of production in the durable goods industries, especially steel and machinery. Demand for these kinds of goods remains greater than the current productive capacity, and the large, unfilled orders assure a continued high rate of production.

PRODUCTION IN SOME of the nondurable goods lines has been slowing down, and this decline is reflected in the lower rate of business activity throughout much of the Atlantic Coast region. The least satisfactory showing is being made in the New York City area and the influence of this decline is evident in much of the surrounding territory. The gradual decline is continuing.

THROUGHOUT SOME SECTIONS of the South, business is lagging but is still higher than it was last year. The falling off of some industries and the tourist trade have been partly offset by the demand for agricultural products at high prices. Farm income has remained high, due both to large marketings and to the price level.

ALONG THE PACIFIC COAST, the recent increases have been most significant, and the many plans for industrial expansion in that area indicate the possibility of continued good business in those areas. Business is somewhat better in California than it is farther north, but in all the states of the Far West it is better than last year. In many parts of the Mountain States it is also good, in spite of a few dull spots where mining operations have been slowed down.

IN CANADA, business activity has been gradually improving and the upward trend has continued for many months. The general average is about 7 per cent higher than it was a year ago and has reached a new postwar peak. Progress has been quite uniform in most lines, with industrial output expanding and the volume of trade steadily increasing. The transportation of goods has also been speeded up as weather conditions improved.—**BUSINESS BULLETIN**, La Salle Extension University, Chicago, Ill.



St. Louis Conference Notes

(Continued from page 15,)

tion be enacted to bring about permanent regulation of consumer credit, and that the control of consumer credit be returned to the merchants, bankers and other businessmen who are engaged in the extension of credit and who risk their capital on the ability and intention of the American people to meet their obligations according to contract.

Community Credit Policies

WHEREAS, The National Retail Credit Association, in the light of advice by counsel and expressions by the Department of Justice on the basis of proposed community credit policy plans submitted on behalf of several retail credit associations recommending to members adoption of community credit policy plans embracing down payments, length of time in installment payments, or other provisions affecting price formula, appear to be in conflict with the anti-trust laws;

NOW, THEREFORE, The Board of Directors of the National Retail Credit Association at St. Louis, this 19th day of June, 1947, directs the President and the General Manager to inform National Retail Credit Association members that adoption by them of such community credit policy plans through concerted action, direct or indirect, is a violation of law and may lead to unfortunate results;

And that this advice and admonition of the Board of Directors of the National Retail Credit Association also be given full publicity in *The CREDIT WORLD* and other publications, as a warning to its members and as defining the opinion of this Board as in opposition to the adoption of such plans.

Mail Rates

WHEREAS, The National Retail Credit Association in annual convention assembled at Cleveland, Ohio, May 15, 1946, passed a resolution urging Congress to support and pass adequate mail rate legislation to the end that each class of mail should bear its own cost and that deficits in such mail be not charged to and paid from surpluses resulting from the carriage of first-class mail;

AND WHEREAS, Mail rate legislation is pending in Congress as of this date, June 19, 1947;

NOW, THEREFORE, BE IT RESOLVED, That the National Retail Credit Association in convention assembled at St. Louis, Missouri, this 19th day of June, 1947, reaffirms its position in regard to the cost of carriage of various classes of mail as set forth in said Cleveland Convention Resolution and urges the Legislative Committee of the National Retail Credit Association to support this position of the Association.

Matrimonial Actions

WHEREAS, the members of the National Retail Credit Association recognize that the consumer credit granting institutions of this nation often find it difficult to fix the responsibility of husband and wife for personal obligations outstanding at the time they become involved in matrimonial actions for divorce, separation or annulment, and

WHEREAS, the courts and other tribunals of the various states have it within their power to determine the property rights and liabilities of the parties to matrimonial actions in cases which are properly within their jurisdiction, now therefore,

BE IT RESOLVED that this Association go on record as favoring the passage of legislation and the adoption of rules by the courts which adjudicate matrimonial actions in the several states, which will require the respective parties to such actions to submit a full and complete schedule or statement of any unpaid obligations, which either or both parties owe or are believed to owe, and that the courts be empowered to determine which of the parties shall be liable for any or all of such obligations, and settle the issue of responsibility in any interlocutory or final judgment or decree which may be rendered in connection with such action. Further, that notice of the matrimonial action and requests for filing proofs of claim be mailed to all creditors listed on said schedules by registered mail by the clerk of the court and that no final decree shall be rendered in such actions until such schedules of debts and obligations shall have been filed, requests for proofs mailed to said creditors, and the liability of the respective parties for the payment therefor be determined by the court,

AND BE IT further resolved that a copy of this resolution be sent to the Governors, the chairmen of the Judiciary Committees of the legislatures, to the State Bar Associations and to any other legislative or judicial organizations whose activities embrace the field of matrimonial actions, with requests that appropriate legislation be enacted to carry out the objectives set forth in this resolution.

Committee Appointments

Membership

W. Harvey King, Tennessee Adjustment Service, Nashville, Tenn.—*General Chairman*.

Regional Chairmen

Clarence E. Wolfinger, Lit Brothers, Philadelphia, Pa.—*East*.

C. A. Wildes, Minneapolis Credit Exchange, Inc., Minneapolis, Minn.—*North*.

Henry C. Alexander, Belk Brothers Co., Charlotte, N. C.—*South*.

Walter Jensen, Pacific Northwest Credit Council, Portland, Ore.—*West*.

Harry F. Reid, Consumers Power Co., Jackson, Mich.—*North Central*.

G. E. Swerdfager, Murphy-Gamble, Ltd., Ottawa, Ont., Canada.—*Canada*.

Legislative

R. M. Severa, R. H. Macy & Co., New York—*Chairman*.

Erwin Kant, Ed. Schuster & Co., Milwaukee, Wis.

Joseph A. White, Harris Stores Co., Pittsburgh, Pa.

Abe Coonin, William Hahn & Co., Washington, D. C.

J. F. Eichelberger, The Hub, Baltimore, Md.

Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

Collecting by Telephone

L. E. Cutter

Credit Manager, Birks-Ellis-Ryrie Ltd.
Toronto, Ontario, Canada

PLACING ANY ACCOUNT on a retailer's books costs time and effort. When an account becomes past due and reaches the Collection Department, care, time and energy should be exercised in collecting it, whether the amount involved is large or small. The problem is not only one of collection. The manner in which an account is collected is of equal importance if a firm is not to lose a large percentage of the customers on its books. "Get the money, but keep the customer" should be the aim of every credit manager, and a collection procedure must be established accordingly.

In our Collection Department, whether the accounts being followed are charge or instalment, the early reminders are of a form nature. Those which combine mildness with frequency are preferred to ones more drastic and less frequent. A form letter or two, followed by one or more of a personal nature, brings results in the majority of cases with a minimum of expense. If the account is still unpaid after a reasonable time, the customer is telephoned.

Efficient Collection Medium

The telephone can be a very efficient collection medium. Judging from the experience of many firms, it is one of the best. It can be used at any stage in the collection of an account. When you telephone a customer, you establish a personal contact at once. This is one of the most valuable points in collecting by telephone, as it gives you an opportunity to know something of your customer and find out his or her reasons for not paying the account. These reasons may be many: Carelessness, oversight, sickness, lack of funds, dissatisfaction with goods purchased, etc. Having established the reason for nonpayment, you are in a position to adopt the course which will meet the situation most satisfactorily.

Any complaints as to merchandise or other grounds for dissatisfaction should be investigated carefully. Tactful inquiries will usually bring to light sources of grievance, and careful adjustment will, in most cases, restore the good will of the customer and bring about satisfactory settlement of the account. No one, if treated courteously and tactfully, can take offense at being asked for payment.

The loss in good will, if any, will depend greatly on the employee who does the work. He or she should have a pleasing telephone personality with tact, judgment, courtesy and a knowledge of the account as the principal requisites. The first call should be made at the home

rather than the place of business. The stage is often poorly set for a man in an office, shop, or store, with other employees near by, to discuss his personal problems. A mechanic in a garage would not appreciate being called from underneath a car to be reminded of his shortcomings.

In many instances, it is desirable to call the wife, whether or not the account is in her name, depending largely on the nature of the account. However, this should be avoided if you have reason to believe that your call might cause a breach in domestic peace.

There is less chance of offense being taken if the first call is from a junior girl employee who does it in a more-or-less routine manner. The credit manager is also in a better position to apologize if anything goes wrong.

In contacting a woman at home, the best time to telephone is after 10:00 A.M. This gives her time to complete pressing household duties. Around noon and after 4:30 P.M. should be avoided. Monday, as a rule, is a busy day for a housewife, with washing, etc., and not particularly good for telephoning.

When a customer is out and you leave a message to have him call you, leave the telephone number and your name in preference to the name of the firm. Curiosity often makes people respond to messages left in this manner. An extra or unlisted telephone number is also valuable for use in collection work.

Before making any calls, have your collection card before you. It should show the name and address of debtor, home phone, business phone, balance owed, date of last payment, etc. Be sure all payments-to date have been entered on the card. If necessary, you should be able to obtain a customer's ledger sheet in a few seconds.

Positive Identification Necessary

In approaching a customer on the telephone for payment of an account, make sure, first of all, that you are speaking to the person who owes the account. Discussing Madam's affairs with the maid is not conducive either to retaining good will or obtaining payment of the account, and Mrs. Jones, Jr., may object to having her personal affairs discussed with her mother-in-law.

When you are sure that you are speaking to the right person, you might make the following approach: "This is Brown & Company calling in regard to your account, Mrs. Jones"—a pause at this point will give her an opportunity to state her case. It will probably be more

completely outlined, and with better results, than if payment is requested immediately. For example, the following approach would be poor. "Hello! Mrs. Jones? This is Brown & Company calling. We notice that your account has not been paid. Will you send us a cheque?" The answer probably would be, "I'll look after it right away." "Thank you, good-by." This type of promise affords little chance for further discussion and a more definite understanding.

A promise to remit at a certain date should be obtained, if at all possible, before the conversation is ended. If the issue is evaded by Mrs. Jones, the question, "Should I telephone Mr. Jones at his office?" will often turn the tide. If nothing definite can be accomplished, an attempt should be made to induce the customer to call at the office and interview the credit manager.

Recording Definite Promises

If a definite promise of payment is obtained, for example, for the 15th of the month, this should be recorded on your collection card and dated ahead until the 16th, allowing an extra day for possible delay in the mail, office posting, etc. When the account comes up for attention on the 16th, if it is still unpaid, it is vital that it be given attention at once. Delay on your part at this time suggests to the debtor a haphazard Collection Department, with which further liberties may be taken.

When using the telephone for the systematic follow-up of past-due accounts, there is need for the utmost care and common sense on the part of the clerk. We all know that more can be said on the telephone than you can commit to writing. However, everyone should be entitled to ordinary courtesy. Your manner must be pleasant but firm. At times, it is difficult to be firm without being objectionable. It is natural enough to remind people that they have not lived up to their promises, but a simple statement of that fact is a lot better than sarcasm. It is easy to allow your personal feelings to enter into conversations, and get into arguments, especially when you look at a long record of work without results. However, your purpose in calling is not personal vindication, but collecting money.

Conclusions

In conclusion, I should like to stress the following points:

1. Call at home when possible.
2. Be certain to ask for the customer by Christian name or initials.
3. Do not discuss accounts with a third party.
4. Do not call customers at business where answering the phone may cause them embarrassment or inconvenience.
5. Be firm but polite at all times. Being persistent, but friendly, will collect more accounts than the ultimatum system.

Collection is a problem of continued credit, as well as collecting money. This should be kept always in mind, whether following accounts by collection letters, telephone, or personal calls.

Too great stress cannot be laid on the fact that past-due accounts are a double liability. The collector or credit manager who can not only collect money, but also keep the customer, has solved one of the most important problems of his work. ★★

Credit Don'ts

1. Don't extend credit without first obtaining a complete credit report on the applicant.
2. Don't extend credit on a "hunch" or the fact that you are acquainted with the applicant, or he has been a cash customer.
3. Don't make a partial check by telephoning or writing references furnished by the applicant. Naturally, in most cases, he will be in good standing with such firms. A complete credit report, in the long run, will prove the cheapest and you will be assured of good and bad information alike—a true picture of the applicant's record and ability to pay.
4. Don't withhold information from your Credit Bureau longer than is required to check your records. It slows up the service of the Bureau and the inquiring member and makes for extra handling by all concerned. This increases the cost of Bureau operation and additional costs must be absorbed by all members.
5. Don't extend credit in the face of unsatisfactory information, because you may feel that the customer will pay you—that you are a better collector. It just doesn't happen that way often enough to warrant the risk involved.
6. Don't show your feelings in collection letters to customers who have ignored previous requests for payment. Judgment and diplomacy are required in handling collections and particularly so with such customers.
7. Don't threaten to take certain action and then back down. Don't threaten until you mean it and then follow through in accordance with your letter.
8. Don't permit past-due accounts to run indefinitely. If you are unable to make collection within four and not more than six months, other steps should be taken. The longer you delay action, the more difficult the collection. Usually collection fees are based on the age of accounts and collection prospects are brighter in the early stages of delinquency. Therefore, you save money when such accounts are promptly placed in the hands of the collection department of the Credit Bureau or the agency used by you for this purpose.
9. Don't delay closing accounts of slow-paying customers or those who overbuy and cannot be educated to pay according to the store's terms. Your bad debts are largely made up of accounts in the two categories, plus those on which credit was extended without sufficient information.
10. Don't fail to attend meetings of your local association. Discussions at such meetings and becoming better acquainted with your fellow credit granters will pay dividends to you and your firm.
11. Don't fail to read every article in *The CREDIT WORLD* each month. You never know when you may run across the very idea you are looking for. Systematic reading of *The CREDIT WORLD* will keep you abreast of the times in the retail credit field, is educational and broadening. It will make you a better credit manager or credit assistant.



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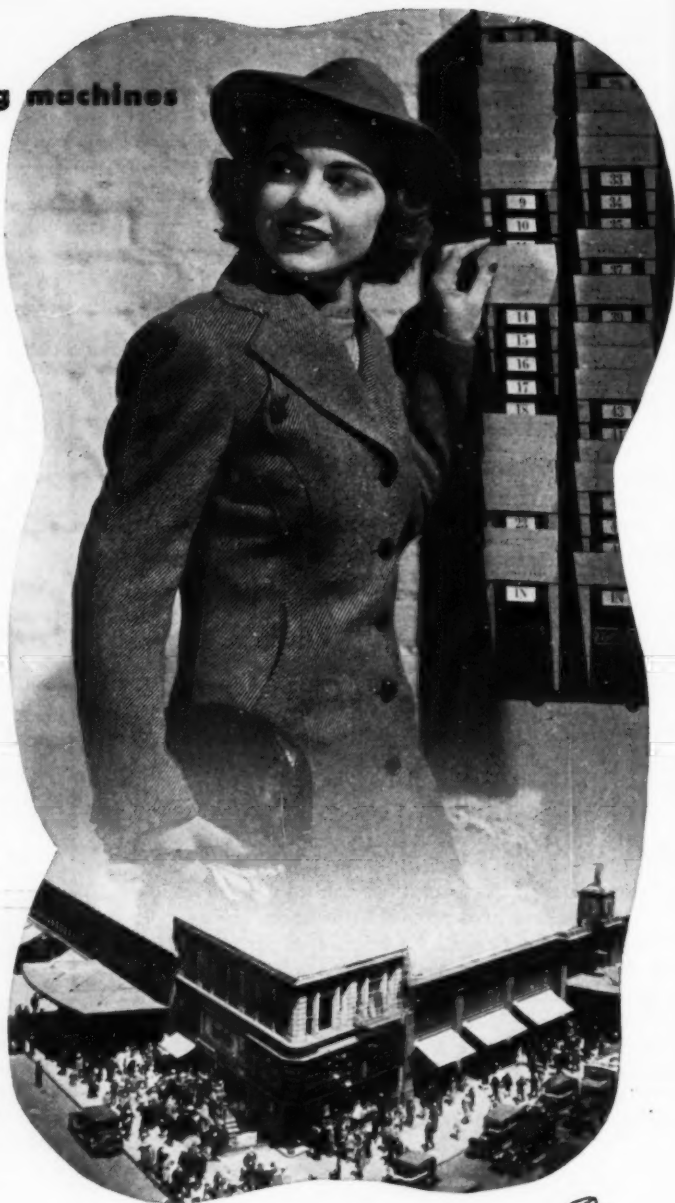
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EASING OF WARTIME SAVINGS pressures has led to a drop in individual savings from \$33 billion in 1945 to \$19 billion in 1946, according to the U. S. Department of Commerce. Expanded consumer credit, increased quantities of goods on merchants' shelves, and rising prices helped to drain off the abnormal accumulation of wartime savings.

CASHING OF CHECKS in Newark, N. J., department stores, taverns and neighborhood shops has increased by 20% to 100% since the Saturday bank closing law became effective March 1, the **NEWARK NEWS** reports.

THERE ARE 17 MILLION women wage earners today . . . only 2.5 million less than the wartime high, according to the U. S. Department of Labor. It adds that there is no prospect of a sudden drop in this figure.

WOOD, ROPE, CLOTH, AND CANVAS products can be rot-proofed by a new war-tested chemical preservative. Resistant to termites, fungi, etc., it is used on surfaces before paint is applied.

MOVIES WILL BE shown on crack railroad trains of one eastern line, it is reported.

NINETY-SEVEN PER CENT of the 500,000 known organic chemicals are awaiting commercial development by the chemical industry, according to a research man in that field. Of the 9,000 organic chemicals which may be regarded as currently useful, he says, it is estimated that no more than 5,000 are now manufactured in the United States.

TAX REFUNDS from March 15 returns are being made at about the same rate as last year. Latest Treasury figures show over 16 million checks returning 725 million dollars in overpayments. Last year's total was 30 million checks returned, totalling \$1.4 billion dollars.

REAL INCOME of the American family is declining, but still is higher than a year ago, according to the latest consumers' study of Investors Syndicate. "Real income" is the relationship of revenue to living costs.

PRICE INCREASES from June to December, 1946, were the sharpest which have occurred in any six months period on record, according to Dun and Bradstreet. Wholesale prices of all commodities increased about 26 per cent in the last six months of 1946.

A FLY CONTROL program operated successfully by the Ames, Iowa, Chamber of Commerce is being adopted by many other Chambers of Commerce throughout the United States.

EMBEZZLED FUNDS are not taxable income, according to the California Supreme Court. The decision is based on legal technicalities without considering the actual gain to the embezzler. It is further based on the theory that title to the money was never vested in the embezzler, and, therefore, the funds could not be classed as income.

THE PRESIDENT'S Economic Council opposes any early relaxation of Regulation W, due to recent increases in the cost of living. President Truman says that consumer credit controls cannot be relaxed as long as prices are high—"The Government should retain and use its measures for wise credit control."

SHIPPERS AND CARRIERS are intensifying efforts to establish improved practices for year-round proper packaging and careful handling of shipments. In 1946, rail and motor carriers paid \$125 million in settlement of claims—five times more than in 1939.

COMMERCIAL BANKS registered the lowest percentage return on net worth of 70 leading groups of business, covering 2,900 corporations, for years 1945-'46, according to a special report. Banks increased their returns on net worth 3.3%. The highest of all was amusements, with 90.1%.

CONSUMER INSTALMENT loans held by leading types of lending institutions continued to rise during April, reaching an estimated 2,222 million dollars by the end of the month. The increase of 75 millions was shared by all lending groups. The total amount outstanding was roughly 60 per cent above the April 1946 level. The volume of loans made during the month, 423 million dollars, declined slightly from the March level, but was about 40 per cent above the loan volume of one year ago.

BUSINESS FAILURES are being reported again by American businessmen for the first time since the end of the war. Failures since the start of 1947 have risen 50 per cent, according to the Commerce Department.

APPROVED SALES of 950 war-built merchant vessels will bring the government about \$850 million, the Maritime Commission estimates.

IN 1807, says a Twentieth Century Fund report, the furniture house of Cowperwait and Sons in New York City introduced the instalment buying system in this country.

RETAIL FURNITURE store sales increased 3 per cent in April, reflecting small gains in each type of transaction. The volume of cash sales was 11 per cent below the year-ago level; instalment and charge-account sales increased 17 per cent and 31 per cent, respectively. Instalment accounts outstanding at the end of April rose 3 per cent, and continued substantially above the amount outstanding a year earlier. Collections on instalment accounts were 4 per cent less than in the preceding month.

INSTALMENT ACCOUNTS outstanding at department stores continued to increase during April, and at the end of the month were 79 per cent above the year-ago level. Collections on instalment accounts were down 5 per cent, and the ratio of collections to instalment accounts receivable on the first of April was 29 per cent. At the current rate of repayment, instalment accounts would be outstanding, on the average, nearly six months. Charge accounts receivable, which customarily increase at this time of the year, were 2 per cent larger than at the end of the month and 31 per cent above the amount outstanding a year earlier.

JEWELRY STORE instalment accounts outstanding rose slightly in April, while those at furniture stores continued to gain. Household appliance store accounts receivable increased somewhat and were considerably larger than a year ago. At the end of the month jewelry store accounts receivable were up 77 per cent; the year-to-year increase at furniture stores was 27 per cent. The April collection ratio on instalment accounts of household appliance stores increased one point to 45 per cent.

*Reading this publication carefully
and regularly will contribute to
your success as a Credit Executive.*

Congratulations

St. Louis

THE 33RD ANNUAL BUSINESS CONFERENCE, with over 1,300 in attendance from all sections of the United States, Canada and Hawaii, is history. It closed in a blaze of glory with the banquet on Thursday evening, June 19.

The conference opened on Monday afternoon with a Credit Clinic, in which a panel of 16 experts in their lines participated. The program was excellent. Many subjects were covered and the members of the panel handled all questions in an interesting and thorough manner. The Clinic was presided over in a masterful fashion by Ted W. Walters of The Bank of Ohio, Cleveland.

On Tuesday morning the annual Credit Women's Breakfast, from 7:00 to 8:45, was attended by 260 credit women. The address of Mrs. Gertrude G. Huitt, lawyer, of East St. Louis, Illinois, was inspirational and appropriate. It will appear in a later issue of *The CREDIT WORLD*.

The general sessions on Tuesday, Wednesday and Thursday mornings were addressed by Charles T. Evans, Arkansas Power & Light Company, Pine Bluff, Ark.; Sidney R. Baer, St. Louis; Paul M. Millians, Baltimore; Arthur F. Henning, Sacramento; Miss Agnes J. Moyer, Reading, Pa.; Earle B. Dows, Minneapolis; Elmer E. Schmus, Chicago; George C. Dyer, St. Louis; and Joseph M. Klamon, St. Louis. The addresses will appear in *The CREDIT WORLD*, starting with this issue.

The group meetings on Tuesday and Wednesday afternoons were, as usual, popular and well attended. The Cycle Billing Forum on Thursday afternoon was an overflow meeting and those in attendance expressed themselves as highly pleased with the information developed.

The weather was delightfully cool and the delegates left the city singing the praises of St. Louis and the members of the conference committee of the St. Louis Association who were responsible for our largest annual meeting.

L. Howden

General Manager-Treasurer



